

**STATE OF MICHIGAN
FISCAL YEAR 2004-05**

Appropriations Summary and Analysis



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Mitchell E. Bean, Director

October 2004

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TO: Members of the Michigan House of Representatives

This **FY 2004-05 Appropriations Summary and Analysis** summarizes the enacted FY 2004-05 appropriations. The report begins with a *Director's Overview* section, includes a section on recent supplementals (2004 PAs 309 and 360), notes major budget and boilerplate changes for each department/agency, and ends with a *Consensus Revenue* section. A *Glossary* following the table of contents explains several terms used throughout the report to describe the budget for the State of Michigan.

When analyzing the budget, it is important to note the following:

Adjusted Gross is the amount to use when measuring the effect of state spending on the state's economy.

General Fund/General Purpose (GF/GP) is the amount to use when measuring state resources available for legislative allocation to various state programs.

State Spending from State Sources is the amount to use when measuring the amount of state resources collected from taxpayers to finance state spending.

The *Director's Overview* provides information on resources used in the enacted FY 2004-05 budget, including tobacco settlement funds. Summary tables of appropriated funds and sources are also included.

Agency Analysts prepared the individual budget sections with help from their Budget Assistants. Report production was coordinated by Jeanne Dee, Administrative Assistant. House Fiscal Agency staff and their areas of responsibility are listed on the inside back cover of this publication. Please feel free to contact them, or me, if you have questions or need further information.

A handwritten signature in black ink that reads "Mitchell E. Bean".

Mitchell E. Bean, Director

TABLE OF CONTENTS

OVERVIEW

Director's Overview	3
Resources Used in FY 2004-05 Year-to-Date Budget.....	6
FY 2004-05 Tobacco Settlement Revenues/Expenditures	8
FY 2004-05 Appropriations Summary Tables.....	11 – 15

SUPPLEMENTAL APPROPRIATIONS

Senate Bill 267 (2004 PA 309).....	19
House Bill 5527 (2004 PA 360).....	27

BUDGET DETAIL

EDUCATION

Community Colleges.....	33
Education	35
Higher Education	37
School Aid/K-12	40

GENERAL GOVERNMENT

Appropriation Summary	45
Attorney General.....	46
Civil Rights	48
Civil Service	50
Executive	52
Information Technology	53
Legislature	56
Management and Budget.....	58
State.....	61
Treasury	64

HUMAN SERVICES

Community Health (includes Medicaid, Public Health, Mental Health, and Aging)	71
Corrections.....	77
Family Independence Agency.....	83

LABOR AND ECONOMIC GROWTH

Labor and Economic Growth	91
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RESOURCE PROTECTION

Agriculture 97
Environmental Quality 100
Natural Resources 103

SAFETY AND DEFENSE

Military and Veterans Affairs 107
State Police 110

ALL OTHERS

Capital Outlay 115
History, Arts, and Libraries 116
Judiciary 118
Transportation 120

CONSENSUS REVENUES 129

Table: General Fund/General Purpose Revenue Estimates 130
Table: School Aid Fund Revenue Estimates 131
Table: Year-End Balance Estimates 132
Budget Stabilization Fund Year-End Balances 132
State Revenue Limit 134

GLOSSARY

Frequently Used State Budget Terms

Adjusted Gross

Total net amount of all line item gross appropriations less (or minus) interdepartmental grants (IDGs) and intradepartmental transfers (IDTs)

Boilerplate

Specific language sections contained in an appropriations act which direct, limit or restrict line item expenditures, and/or require reports

Budget Stabilization Fund (BSF)

The countercyclical economic and budget stabilization fund; also known as the "rainy day" fund

Federal Revenue

Federal grant or matchable revenue dedicated to specific programs

General Fund/General Purpose (GF/GP)

The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues

Gross Appropriations (Gross)

The total of all applicable line item spending authorizations

Interdepartmental Grant (IDG)

Revenue or funds received by one state department from another state department (usually for a service the receiving department provides)

Intradepartmental Transfer (IDT)

Transfers or funds being provided from one appropriation unit to another in the same department

Lapse

Unspent/unobligated funds remaining in line item accounts at the end of the fiscal year

Line Item

Specific funding amount in an appropriations bill which establishes spending authorization for a particular program or function (may be for a single purpose or for multiple purposes)

Local Revenue

Revenues from local units of government

Private Funds

Revenues from non-government entities such as rents, royalties or interest payments, payments from hospitals, payments from individuals, and gifts and bequests

School Aid Fund (SAF)

The primary funding source for K-12 schools and Intermediate School Districts (ISDs)

State Restricted (Restricted Funds)

State revenue dedicated to a specific fund; revenue which results from state mandates or initiatives; used for specific programs pursuant to the Constitution or statute

Work Project

An account established to allow for certain specific unspent funds to be carried over from one fiscal year to a succeeding fiscal year or years

FY 2004-05 Budget Detail

DIRECTOR'S OVERVIEW

Overview
Resources Used in Enacted Budget
Tobacco Settlement Funds
Other Budget Information
Summary Tables

FY 2004-05 DIRECTOR'S OVERVIEW Summary and Analysis

The enacted budget for Fiscal Year (FY) 2004-05 year-to-date (YTD) includes \$39.23 billion in adjusted gross appropriations with the following funding sources: \$17.40 billion in state restricted funds, \$12.35 billion in federal funds, \$8.75 billion in General Fund/General Purpose (GF/GP) revenues, and \$0.73 billion in local and private sources. This represents a decrease of 0.2% from FY 2003-04 levels in both adjusted gross and GF/GP appropriations.

Consensus Revenue Estimates

The FY 2004-05 GF/GP budget is based on consensus revenue estimates agreed to at the May 18, 2004, Consensus Revenue Estimating Conference. These estimates include a GF/GP revenue increase of \$54.8 million (0.7%) from FY 2003-04 and School Aid Fund (SAF) revenue increase of \$351.1 million (2.9%) from FY 2003-04.

Additional Funding and Major Policy Changes

Funding for the FY 2004-05 budget is based on a number of major policy changes, including: (1) a \$0.75 per pack increase in the state cigarette tax and an increase in the tax on other tobacco products from 20% to 32% that is estimated to increase total state revenues \$313.6 million, and (2) an increase in the state tax on casinos from 18% to 24% that is estimated to increase state revenues \$49 million.

Revenue from the increase in taxes on tobacco and a scheduled deposit to the Budget Stabilization Fund of \$154 million from the existing cigarette tax (\$480.4 in total) were deposited into the Medicaid Benefits Trust Fund to offset GF/GP expenditures on Medicaid.

In addition, a 7/8 cent fee on refined petroleum products (the Michigan Underground Storage Tank Financial Assurance (MUSTFA) fee) which was due to sunset was extended until December 31, 2010. The MUSTFA fee raises about \$60 million per year that will be used for debt service on Clean Michigan Initiative Bonds, environmental cleanup programs, and consumer protection programs. A fund balance of approximately \$43 million was appropriated in the FY 2004-05 budget to offset general fund and other state restricted fund spending.

General Fund/General Purpose expenditures are also funded with \$339.4 million from freezing revenue sharing for cities, villages, and townships at FY 2003-04 levels and with \$182.3 million from suspending county revenue sharing payments. In addition, the FY 2004-05 GF/GP budget is funded by \$77.4 million from the anticipated sale of property, a change in the escheats law that is expected to increase revenues \$25.0 million, and \$12.5 million in restricted fund transfers.

The FY 2004-05 budget appropriates \$296.4 million in FY 2004-05 from tobacco settlement funds.

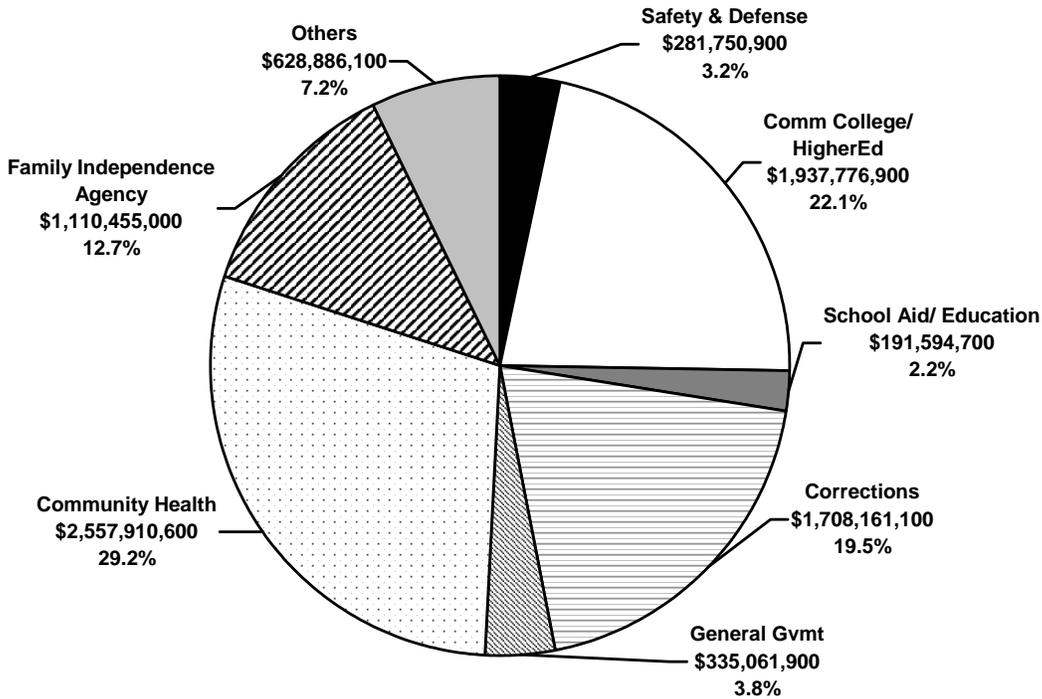
This Overview also includes:

- Graphs of FY 2004-05 GF/GP and adjusted gross budget distributions, and a comparison of revenue changes from FY 2003-04.
- A review of revenues allocated in the enacted FY 2004-05 YTD budget for GF/GP, the School Aid Fund, and the Medicaid Benefits Trust Fund, and appropriations to be made from tobacco settlement funds.
- Summary Tables 1 through 5, which provide additional fiscal data by budget area.

The Overview section is followed by a section containing detail for FY 2003-04 and FY 2004-05 supplemental appropriations included in 2004 Public Acts 309 and 360. Following the Supplemental section, individual sections explain appropriations by department or major budget area. Each section includes a comparison of FY 2003-04 appropriations with the FY 2004-05 budget, a budget overview, and an analysis and discussion of major budget and boilerplate issues.

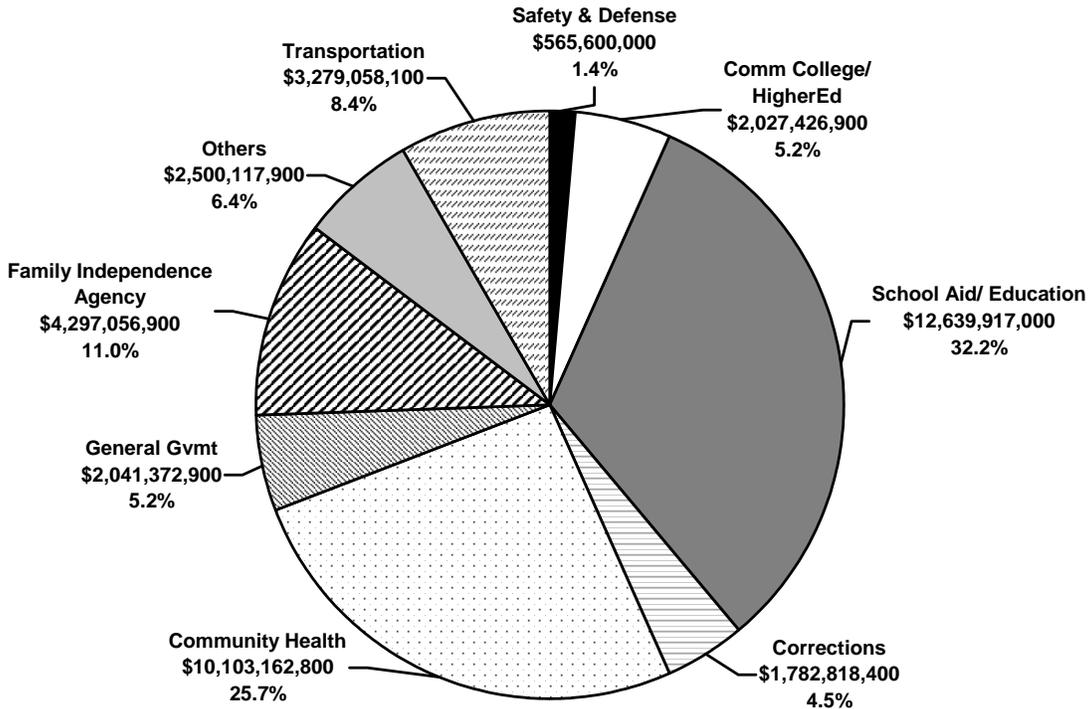
General Fund/ General Purpose Appropriations: FY 2004-05

Total: \$8,751,597,200



Adjusted Gross Appropriations: FY 2004-05

Total: \$39,236,530,900



**CHANGE IN ADJUSTED GROSS APPROPRIATIONS
FY 2003-04 YEAR-TO-DATE AND FY 2004-05 YEAR-TO-DATE**

As noted in the following table, FY 2004-05 year-to-date appropriations show:

A decrease in adjusted gross appropriations of \$80.71 million (0.2%) from year-to-date FY 2003-04 levels.

A decrease in GF/GP appropriations of \$15.17 million (0.2%) from year-to-date FY 2003-04 levels.

An increase in state restricted funding of \$172.77 million (1.0%) year-to-date FY 2003-04 levels.

An increase in total state spending from state sources of \$157.60 million (0.6%) from year-to-date FY 2003-04 levels.

Appropriations in Millions of Dollars

	<u>Year-to-Date FY 2003-04</u>	<u>Year-to-Date FY 2004-05</u>	<u>Amount Change</u>	<u>% Change</u>
General Fund/General Purpose	\$8,766.8	\$8,751.6	(\$15.2)	-0.2%
State Restricted	<u>17,232.4</u>	<u>17,405.2</u>	<u>172.8</u>	1.0%
Total State Spending from State Sources	\$25,999.2	\$26,156.8	\$157.6	0.6%
Federal	12,359.9	12,351.5	(8.4)	-0.1%
Local	878.7	652.4	(226.3)	-25.8%
Private	<u>79.4</u>	<u>75.8</u>	<u>(3.6)</u>	-4.5%
Total Adjusted Gross	\$39,317.2	\$39,236.5	(\$80.7)	-0.2%

General Fund/General Purpose (GF/GP): The state’s primary operating fund; the portion of the state’s General Fund that does not include restricted revenues.

State Restricted: State revenue dedicated to a specific fund; revenue which results from state mandates or initiatives.

Federal Revenues: Federal grant or matchable revenues dedicated to specific programs.

Local Revenue: Revenue from local units of government.

Private Funds: Revenue from non-government entities such as rents, royalties or interest payments, payments from hospitals, payments from individuals, and gifts and bequests.

Adjusted Gross: Total of all line item appropriations; gross appropriations less (or minus) interdepartmental grants (IDGs) and intradepartmental transfers (IDTs).

OVERVIEW

RESOURCES USED IN FY 2004-05 YEAR-TO-DATE BUDGET

Resources used to fund General Fund/General Purpose, School Aid Fund, Medicaid Benefits Trust Fund, and Merit Award Trust Fund and Tobacco Settlement Trust Fund expenditures in the FY 2004-05 YTD budget are reported below.

**FY 2004-05 GENERAL FUND/GENERAL PURPOSE
(Millions of Dollars)**

FY 2004-05 Consensus revenue estimate	\$7,856.3
Bad driver assessment fees	73.1
Revenue sharing freeze	339.4
Suspend county revenue sharing	182.3
Driver license fee increase	25.0
Increased tax audits	85.1
Escheats law changes	25.0
Casino tax increase	42.9
Sale of surplus property	77.4
Restricted fund transfers	12.5
Reduce CTF	10.0
Employment services tax policy change (HB 5323)	5.0
Other adjustments	-1.7
Reduce inter-fund borrowing rates	<u>20.0</u>
Total Resources	\$8,752.3

FY 2004-05 Consensus Revenue Estimate: Revenue estimates agreed to by the Consensus Conference in January 2004.

Bad Driver Assessment Fees: Fees collected under 2003 PA 165, effective October 1, 2003.

Driver License Fee Increase: Fees collected under 2003 PA 152, effective October 1, 2003.

Escheats Law Changes: These changes allow insurance companies to escheat unclaimed property payable sooner than under current law.

Sale of Surplus Property: Includes sale of Fairlawn, Macomb/Oakland center, Northville, Maxey, and estimated sale of surplus school property from HB 5313 (2003 PA 377, effective October 12, 2004).

Restricted Fund Transfers: Includes transfers from the juror compensation fund, the judicial technology improvement fund, and from the general tobacco settlement.

Reduce CTF: Reduced Comprehensive Transportation Fund (CTF) appropriations raise GF revenues by the same amount.

Employment Services Tax Policy Change: HB 5323, pending in the House.

FY 2004-05 SCHOOL AID FUND
(Millions of Dollars)

Beginning fund balance	\$0.0
FY 2004-05 Consensus revenue estimate	10,960.4
Increased tax collection enforcement	35.5
Tobacco tax increase	3.8
Payment in lieu of taxes	-2.0
Federal aid	1,353.6
Lottery advertising	11.0
General Fund transfer	<u>158.6</u>
Total Resources	\$12,520.9

FY 2004-05 Consensus Revenue Estimate: Revenue estimates agreed to by the Consensus Conference in January 2004.

Federal Aid: Primarily federal grants and federal money appropriated by the (federal) Elementary and Secondary Education Act.

Lottery Advertising: Sales of ad space to private interests.

FY 2004-05 MEDICAID BENEFITS TRUST FUND
(Millions of Dollars)

Beginning balance	\$0.0
Estimated interest	0.0
Estimated deposit:	
Revenue from Cigarette Tax	42.9
Revenue from NEW Cigarette Tax and BSF transfer	429.4
Revenue from Other Tobacco Products	<u>32.7</u>
Subtotal: Available Funds	\$505.0
Withdrawal in FY 2004-05 Enacted Appropriation	(505.0)
FY 2004-05 Total Ending Balance	\$0.0

OVERVIEW

**FY 2004-05
TOBACCO SETTLEMENT REVENUES/EXPENDITURES**

TOTAL TOBACCO SETTLEMENT REVENUE **\$297,502,000**

MERIT AWARD TRUST FUND

Tobacco settlement revenue **\$218,675,200**

Community Health: Medicaid Base Funding 110,675,000
Replaces state GF/GP match required for ongoing Medicaid program funding needs.

Education: Michigan Educational Assessment Program (MEAP) Test Administration 13,685,200
Administration of the MEAP test given to 4th, 5th, 7th, 8th, and 11th grades as required by the revised school code.

Higher Education: University Operations 9,500,000
Funds added during FY 2003-04 budget process to establish per-student funding floor for state universities.

Higher Education: Michigan Merit Award Program 61,400,000
Provides merit scholarships to high school graduates with a qualifying score on the MEAP test.

Higher Education: Tuition Incentive Program 10,250,000
Two-phase program to encourage low-income students to graduate from high school; phase I provides qualifying students with up to two years of free tuition at a community college; phase II provides qualifying students with up to \$2,000 toward tuition at a four-year university.

Higher Education: Nursing Scholarships 4,000,000
Provides awards to nursing students who agree to work in Michigan after licensure.

Treasury: Michigan Merit Award Administration 1,580,400
Administration of the Michigan Merit Award Scholarship program.

Treasury: Department of Information Technology 393,000

Treasury: Tuition Incentive Program 385,100
Administration of the Tuition Incentive Program.

Treasury: Michigan Education Savings Plan 1,000,000
Provides the state match to accounts of qualified beneficiaries, giving Michigan families an incentive to save for higher education through a combination of tax deductions and state matching grants.

Transfer to GF/GP 5,250,000

Expense Subtotal **\$218,118,700**

Merit Award Trust Fund Balance **\$556,500**

TOBACCO SETTLEMENT TRUST FUND

Tobacco settlement revenue		\$78,826,800
Attorney General: Administration		368,200
Funding for 3.0 FTE positions to perform ongoing legal work and activities related to the Tobacco Master Settlement Agreement.		
Community Health: EPIC Program		19,500,000
Provides coverage for prescription medications to senior citizens with incomes up to 200% of the poverty level.		
Community Health: Long-Term Care Services		5,000,000
Supports the personal needs allowance at \$60 per month for Medicaid patients in nursing homes.		
Community Health: Medicaid Base Funding		36,625,000
Replaces state GF/GP match required for ongoing Medicaid program funding needs.		
Community Health: Office of Services to the Aging – Respite Care		5,000,000
Provides temporary companionship, care, or assistance to an elderly person who needs constant attention, thereby providing respite to the regular at-home caregiver.		
Labor and Economic Growth: MSF/Life Science and Technology Tri-Corridor		10,000,000
Provides grants to Michigan universities and private research facilities to conduct research (including collaborative research) in the area of life sciences; homeland security, and automotive initiatives; commercialize innovations discovered or developed through the research.		
Transfer to GF/GP		<u>1,750,000</u>
	Expense Subtotal	\$78,243,200
	Tobacco Settlement Trust Fund Balance	\$583,600

OVERVIEW

FY 2004-05 APPROPRIATIONS: SUMMARY TABLES

Table 1 details the FY 2004-05 year-to-date budget by **Source of Funds**. When interdepartmental grants and intradepartmental transfers are deducted, gross appropriations of \$39.9 billion reduce to \$39.2 billion in adjusted gross appropriations.

State Restricted	\$17,405,232,500
GF/GP	\$8,751,597,200
Federal	\$12,351,486,100
Local and Private	\$728,215,100
Adjusted Gross	\$39,236,530,900

Table 2 compares **Adjusted Gross Appropriations** for FY 2003-04 YTD to FY 2004-05 YTD. Appropriations decrease from \$39.32 billion in FY 2003-04 to \$39.24 billion in FY 2004-05—a decrease of \$80.71 million or 0.2%.

Table 3 compares **GF/GP Appropriations** for FY 2003-04 YTD to FY 2004-05 YTD. Appropriations decrease from \$8.77 billion in FY 2003-04 to \$8.75 billion in FY 2004-05—a decrease of \$15.17 million or 0.2%.

Table 4 compares the number of **Full-time Equated (FTE) Positions** (classified and unclassified) for FY 2003-04 YTD to FY 2004-05 YTD. A decrease of 815.8 FTEs or 1.4% in total FTEs is shown in Table 4—from 57,992.1 in FY 2003-04 to 57,176.3 in FY 2004-05. Each FTE is equivalent to 2,088 hours of employee compensated time (including overtime, annual leave, and used sick leave) during the year.

Table 5 shows FY 2004-05 YTD **State Spending from State Sources Paid to Local Governments** and compares enacted payments to local units of government to the amount of spending from state sources provided in each budget. Pursuant to Article IX, Section 30 of the *Constitution of the State of Michigan of 1963*, at least 48.97% of state spending from state resources must be paid to all units of local government. The enacted FY 2004-05 YTD budget provides for \$15.5 billion in state spending to local units of government, 59.1% of the estimated \$26.2 billion in state spending from state resources—well within the constitutional requirement.

TABLE 1

FY 2004-05 YEAR-TO-DATE APPROPRIATIONS BY SOURCE OF FUNDS

<u>Department/Major Budget Area</u>	<u>Gross</u>	<u>IDGs and IDTs</u>	<u>Adjusted Gross</u>	<u>Federal Funds</u>	<u>Local Revenue</u>	<u>Private Revenue</u>	<u>State Restricted</u>	<u>General Fund/ General Purpose</u>
Community Colleges	294,268,200	0	294,268,200	0	0	0	0	294,268,200
Education	113,549,000	1,072,100	112,476,900	60,796,800	5,208,800	606,600	19,470,000	26,394,700
Higher Education	1,733,158,700	0	1,733,158,700	4,500,000	0	0	85,150,000	1,643,508,700
School Aid	12,527,440,100	0	12,527,440,100	1,353,540,100	0	0	11,008,700,000	165,200,000
EDUCATION	\$14,668,416,000	\$1,072,100	\$14,667,343,900	\$1,418,836,900	\$5,208,800	\$606,600	\$11,113,320,000	\$2,129,371,600
Attorney General	62,835,700	12,545,500	50,290,200	8,301,300	0	0	10,485,000	31,503,900
Civil Rights	12,693,000	0	12,693,000	934,000	0	0	0	11,759,000
Civil Service	35,146,700	5,370,900	29,775,800	4,779,100	1,700,000	150,000	15,474,600	7,672,100
Executive Office	5,205,500	0	5,205,500	0	0	0	0	5,205,500
Information Technology	360,738,600	360,738,600	0	0	0	0	0	0
Legislature	126,731,900	1,801,500	124,930,400	0	0	400,000	2,356,500	122,173,900
Management and Budget	213,410,100	143,075,200	70,334,900	444,600	0	0	33,206,100	36,684,200
State	187,179,500	20,000,000	167,179,500	1,391,000	0	100	141,878,500	23,909,900
Treasury: Operations	368,517,500	13,172,800	355,344,700	34,681,800	964,300	0	265,993,800	53,704,800
Treasury: Debt/Revenue Sharing	1,225,618,900	0	1,225,618,900	0	17,868,500	0	1,165,301,800	42,448,600
GENERAL GOVERNMENT	\$2,598,077,400	\$556,704,500	\$2,041,372,900	\$50,531,800	\$20,532,800	\$550,100	\$1,634,696,300	\$335,061,900
Community Health	10,173,199,800	70,037,000	10,103,162,800	5,502,478,700	523,452,400	55,476,400	1,463,844,700	2,557,910,600
Corrections	1,786,182,600	3,364,200	1,782,818,400	8,188,100	393,600	0	66,075,600	1,708,161,100
Family Independence Agency	4,298,141,300	1,084,400	4,297,056,900	3,033,969,000	73,326,100	9,757,600	69,549,200	1,110,455,000
HUMAN SERVICES	\$16,257,523,700	\$74,485,600	\$16,183,038,100	\$8,544,635,800	\$597,172,100	\$65,234,000	\$1,599,469,500	\$5,376,526,700
Labor and Economic Growth	1,241,865,600	515,200	1,241,350,400	836,502,100	15,669,600	4,140,100	290,500,600	94,538,000
LABOR AND ECONOMIC GROWTH	\$1,241,865,600	\$515,200	\$1,241,350,400	\$836,502,100	\$15,669,600	\$4,140,100	\$290,500,600	\$94,538,000
Agriculture	126,131,300	10,831,700	115,299,600	33,476,200	0	138,700	51,593,300	30,091,400
Environmental Quality	340,599,300	14,263,000	326,336,300	133,766,800	0	445,900	163,650,800	28,472,800
Natural Resources	264,335,400	3,528,700	260,806,700	37,195,200	0	2,024,300	192,702,200	28,885,000
RESOURCE PROTECTION	\$731,066,000	\$28,623,400	\$702,442,600	\$204,438,200	\$0	\$2,608,900	\$407,946,300	\$87,449,200
Military and Veterans Affairs	110,713,400	1,042,500	109,670,900	45,418,100	0	1,282,300	25,599,800	37,370,700
State Police	475,845,900	19,916,800	455,929,100	106,255,100	4,681,100	10,700	100,602,000	244,380,200
SAFETY AND DEFENSE	\$586,559,300	\$20,959,300	\$565,600,000	\$151,673,200	\$4,681,100	\$1,293,000	\$126,201,800	\$281,750,900
Capital Outlay	250,797,100	0	250,797,100	0	0	0	7,795,000	243,002,100
History, Arts, and Libraries	57,083,600	139,000	56,944,600	8,151,300	0	577,400	2,412,400	45,803,500
Judiciary	253,216,700	4,633,500	248,583,200	4,015,600	3,298,100	842,500	82,333,700	158,093,300
Transportation	3,279,058,100	0	3,279,058,100	1,132,701,200	5,800,000	0	2,140,556,900	0
ALL OTHERS	\$3,840,155,500	\$4,772,500	\$3,835,383,000	\$1,144,868,100	\$9,098,100	\$1,419,900	\$2,233,098,000	\$446,898,900
TOTAL APPROPRIATIONS	\$39,923,663,500	\$687,132,600	\$39,236,530,900	\$12,351,486,100	\$652,362,500	\$75,852,600	\$17,405,232,500	\$8,751,597,200

TABLE 2

ADJUSTED GROSS APPROPRIATIONS
FY 2004-05 Year-To-Date Compared with FY 2003-04 Year-to-Date

<u>Department/Major Budget Area</u>	<u>Year-To-Date FY 2003-04</u>	<u>Year-To-Date FY 2004-05</u>	<u>FY 2004-05 vs. FY 2003-04</u>	
			<u>Amount Different</u>	<u>% Different</u>
Community Colleges	276,828,600	294,268,200	17,439,600	6.3%
Education	107,431,200	112,476,900	5,045,700	4.7%
Higher Education	1,653,663,200	1,733,158,700	79,495,500	4.8%
School Aid	<u>12,606,169,000</u>	<u>12,527,440,100</u>	<u>(78,728,900)</u>	-0.6%
EDUCATION	\$14,644,092,000	\$14,667,343,900	\$23,251,900	0.2%
Attorney General	50,693,800	50,290,200	(403,600)	-0.8%
Civil Rights	12,654,158	12,693,000	38,842	0.3%
Civil Service	29,333,837	29,775,800	441,963	1.5%
Executive Office	4,859,500	5,205,500	346,000	7.1%
Information Technology	0	0	0	0.0%
Legislature	116,967,900	124,930,400	7,962,500	6.8%
Management and Budget	67,771,000	70,334,900	2,563,900	3.8%
State	162,113,251	167,179,500	5,066,249	3.1%
Treasury: Operations	369,472,586	355,344,700	(14,127,886)	-3.8%
Treasury: Debt/RevenueShare	<u>1,393,652,900</u>	<u>1,225,618,900</u>	<u>(168,034,000)</u>	-12.1%
GENERAL GOVERNMENT	\$2,207,518,932	\$2,041,372,900	(\$166,146,032)	-7.5%
Community Health	10,020,043,300	10,103,162,800	83,119,500	0.8%
Corrections	1,702,576,281	1,782,818,400	80,242,119	4.7%
Family Independence Agency	<u>4,108,384,100</u>	<u>4,297,056,900</u>	<u>188,672,800</u>	4.6%
HUMAN SERVICES	\$15,831,003,681	\$16,183,038,100	\$352,034,419	2.2%
Labor and Economic Growth	<u>1,197,637,101</u>	<u>1,241,350,400</u>	<u>43,713,299</u>	3.6%
LABOR AND ECONOMIC GROWTH	\$1,197,637,101	\$1,241,350,400	\$43,713,299	3.6%
Agriculture	104,662,000	115,299,600	10,637,600	10.2%
Environmental Quality	435,244,775	326,336,300	(108,908,475)	-25.0%
Natural Resources	<u>258,838,600</u>	<u>260,806,700</u>	<u>1,968,100</u>	0.8%
RESOURCE PROTECTION	\$798,745,375	\$702,442,600	(\$96,302,775)	-12.1%
Military and Veterans Affairs	107,097,500	109,670,900	2,573,400	2.4%
State Police	<u>445,108,529</u>	<u>455,929,100</u>	<u>10,820,571</u>	2.4%
SAFETY AND DEFENSE	\$552,206,029	\$565,600,000	\$13,393,971	2.4%
Capital Outlay	557,545,100	250,797,100	(306,748,000)	-55.0%
History, Arts, and Libraries	56,410,500	56,944,600	534,100	0.9%
Judiciary	252,934,400	248,583,200	(4,351,200)	-1.7%
Transportation	<u>3,219,150,500</u>	<u>3,279,058,100</u>	<u>59,907,600</u>	1.9%
ALL OTHERS	\$4,086,040,500	\$3,835,383,000	(\$250,657,500)	-6.1%
TOTAL APPROPRIATIONS	\$39,317,243,618	\$39,236,530,900	(\$80,712,718)	-0.2%

TABLE 3

GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2004-05 Year-To-Date Compared with FY 2003-04 Year-to-Date

<u>Department/Major Budget Area</u>	Year-To-Date	Year-To-Date	FY 2004-05 vs. FY 2003-04	
	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>Amount Different</u>	<u>% Different</u>
Community Colleges	276,828,600	294,268,200	17,439,600	6.3%
Education	29,059,700	26,394,700	(2,665,000)	-9.2%
Higher Education	1,559,432,500	1,643,508,700	84,076,200	5.4%
School Aid	<u>377,800,000</u>	<u>165,200,000</u>	<u>(212,600,000)</u>	-56.3%
EDUCATION	\$2,243,120,800	\$2,129,371,600	(\$113,749,200)	-5.1%
Attorney General	30,259,900	31,503,900	1,244,000	4.1%
Civil Rights	11,720,158	11,759,000	38,842	0.3%
Civil Service	7,832,537	7,672,100	(160,437)	-2.0%
Executive Office	4,859,500	5,205,500	346,000	7.1%
Information Technology	0	0	0	0.0%
Legislature	114,072,800	122,173,900	8,101,100	7.1%
Management and Budget	35,828,900	36,684,200	855,300	2.4%
State	26,698,451	23,909,900	(2,788,551)	-10.4%
Treasury: Operations	60,263,986	53,704,800	(6,559,186)	-10.9%
Treasury: Debt/Revenue	<u>26,950,700</u>	<u>42,448,600</u>	<u>15,497,900</u>	57.5%
GENERAL GOVERNMENT	\$318,486,932	\$335,061,900	\$16,574,968	5.2%
Community Health	2,609,168,500	2,557,910,600	(51,257,900)	-2.0%
Corrections	1,609,272,281	1,708,161,100	98,888,819	6.1%
Family Independence Agency	<u>1,088,979,000</u>	<u>1,110,455,000</u>	<u>21,476,000</u>	2.0%
HUMAN SERVICES	\$5,307,419,781	\$5,376,526,700	\$69,106,919	1.3%
Labor and Economic Growth	<u>78,680,501</u>	<u>94,538,000</u>	<u>15,857,499</u>	20.2%
LABOR AND ECONOMIC GROWTH	\$78,680,501	\$94,538,000	\$15,857,499	20.2%
Agriculture	30,259,200	30,091,400	(167,800)	-0.6%
Environmental Quality	53,580,775	28,472,800	(25,107,975)	-46.9%
Natural Resources	<u>28,089,400</u>	<u>28,885,000</u>	<u>795,600</u>	2.8%
RESOURCE PROTECTION	\$111,929,375	\$87,449,200	(\$24,480,175)	-21.9%
Military and Veterans Affairs	36,328,800	37,370,700	1,041,900	2.9%
State Police	<u>237,385,229</u>	<u>244,380,200</u>	<u>6,994,971</u>	2.9%
SAFETY AND DEFENSE	\$273,714,029	\$281,750,900	\$8,036,871	2.9%
Capital Outlay	229,002,600	243,002,100	13,999,500	6.1%
History, Arts, and Libraries	44,201,700	45,803,500	1,601,800	3.6%
Judiciary	160,216,400	158,093,300	(2,123,100)	-1.3%
Transportation	0	0	0	0.0%
ALL OTHERS	\$433,420,700	\$446,898,900	\$13,478,200	3.1%
TOTAL APPROPRIATIONS	\$8,766,772,118	\$8,751,597,200	(\$15,174,918)	-0.2%

TABLE 4

FULL-TIME EQUATED (FTE) POSITIONS*
FY 2004-05 Year-To-Date Compared with FY 2003-04 Year-to-Date

<u>Department/Major Budget Area</u>	Year-To-Date	Year-To-Date	FY 2004-05 vs. FY 2003-04	
	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>Amount Different</u>	<u>% Different</u>
Community Colleges	0.0	0.0	0.0	0.0%
Education	433.1	413.0	(20.1)	-4.6%
Higher Education	1.0	1.0	0.0	0.0%
School Aid	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
EDUCATION	434.1	414.0	(20.1)	-4.6%
Attorney General	568.0	564.0	(4.0)	-0.7%
Civil Rights	142.0	141.0	(1.0)	-0.7%
Civil Service	211.5	240.5	29.0	13.7%
Executive Office	84.2	84.2	0.0	0.0%
Information Technology	1,755.4	1,762.4	7.0	0.4%
Legislature	0.0	0.0	0.0	0.0%
Management and Budget	722.0	731.0	9.0	1.2%
State	1,856.8	1,857.8	1.0	0.1%
Treasury: Operations	1,624.0	1,662.5	38.5	2.4%
Treasury: Debt/Revenue Sharing	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
GENERAL GOVERNMENT	6,963.9	7,043.4	79.5	1.1%
Community Health	4,388.3	5,118.6	730.3	16.6%
Corrections	18,312.7	17,769.8	(542.9)	-3.0%
Family Independence Agency	<u>10,774.6</u>	<u>10,302.0</u>	<u>(472.6)</u>	-4.4%
HUMAN SERVICES	33,475.6	33,190.4	(285.2)	-0.9%
Labor and Economic Growth	<u>4,726.0</u>	<u>4,307.0</u>	<u>(419.0)</u>	-8.9%
LABOR AND ECONOMIC GROWTH	4,726.0	4,307.0	(419.0)	-8.9%
Agriculture	724.0	749.0	25.0	3.5%
Environmental Quality	1,611.7	1,570.2	(41.5)	-2.6%
Natural Resources	<u>2,094.5</u>	<u>2,070.5</u>	<u>(24.0)</u>	-1.1%
RESOURCE PROTECTION	4,430.2	4,389.7	(40.5)	-0.9%
Military and Veterans Affairs	1,079.0	1,023.0	(56.0)	-5.2%
State Police	<u>2,990.0</u>	<u>2,951.0</u>	<u>(39.0)</u>	-1.3%
SAFETY AND DEFENSE	4,069.0	3,974.0	(95.0)	-2.3%
Capital Outlay	0.0	0.0	0.0	0.0%
History, Arts, and Libraries	254.5	238.0	(16.5)	-6.5%
Judiciary	582.5	582.5	0.0	0.0%
Transportation	<u>3,056.3</u>	<u>3,037.3</u>	<u>(19.0)</u>	-0.6%
ALL OTHERS	3,893.3	3,857.8	(35.5)	-0.9%
TOTAL FTE POSITIONS	57,992.1	57,176.3	(815.8)	-1.4%

**Includes classified, unclassified, and nonlegislative exempt positions*

TABLE 5

STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS
FY 2004-05 Year-To-Date

<u>Department/Major Budget Area</u>	<u>Spending from State Sources</u>	<u>State Spending to Local Government Units</u>	<u>% of State Spending from State Sources as Payment to Locals</u>
Community Colleges	294,268,200	294,268,200	100.0%
Education	45,864,700	9,015,100	19.7%
Higher Education	1,728,658,700	3,759,100	0.2%
School Aid	<u>11,173,900,000</u>	<u>11,113,650,400</u>	99.5%
EDUCATION	\$13,242,691,600	\$11,420,692,800	86.2%
Attorney General	41,988,900	0	0.0%
Civil Rights	11,759,000	0	0.0%
Civil Service	23,146,700	0	0.0%
Executive Office	5,205,500	0	0.0%
Information Technology	0	0	0.0%
Legislature	124,530,400	0	0.0%
Management and Budget	69,890,300	0	0.0%
State	165,788,400	846,700	0.5%
Treasury: Operations	319,698,600	111,289,300	34.8%
Treasury: Debt/Revenue Sharing	<u>1,207,750,400</u>	<u>1,126,300,000</u>	93.3%
GENERAL GOVERNMENT	\$1,969,758,200	\$1,238,436,000	62.9%
Community Health	4,021,755,300	1,054,030,900	26.2%
Corrections	1,774,236,700	88,507,700	5.0%
Family Independence Agency	<u>1,180,004,200</u>	<u>188,458,500</u>	16.0%
HUMAN SERVICES	\$6,975,996,200	\$1,330,997,100	19.1%
Labor and Economic Growth	<u>385,038,600</u>	<u>25,112,200</u>	6.5%
LABOR AND ECONOMIC GROWTH	\$385,038,600	\$25,112,200	6.5%
Agriculture	81,684,700	3,380,000	4.1%
Environmental Quality	192,123,600	18,695,500	9.7%
Natural Resources	<u>221,587,200</u>	<u>21,510,200</u>	9.7%
RESOURCE PROTECTION	\$495,395,500	\$43,585,700	8.8%
Military and Veterans Affairs	62,970,500	120,000	0.2%
State Police	<u>344,982,200</u>	<u>20,107,800</u>	5.8%
SAFETY AND DEFENSE	\$407,952,700	\$20,227,800	5.0%
Capital Outlay	250,797,100	0	0.0%
History, Arts, and Libraries	48,215,900	17,563,400	36.4%
Judiciary	240,427,000	123,214,400	51.2%
Transportation	<u>2,140,556,900</u>	<u>1,238,835,200</u>	57.9%
ALL OTHERS	\$2,679,996,900	\$1,379,613,000	51.5%
TOTALS	\$26,156,829,700	\$15,458,664,600	59.1%

Budget Detail

SUPPLEMENTAL APPROPRIATIONS

**2004 PA 309 (Senate Bill 267)
2004 PA 360 (House Bill 5527)**

**Summary: Enacted Supplemental Bills
2004 PA 309 (SB 267)
2004 PA 360 (HB 5527)**

Analyst: Al Valenzio

**Summary of 2004 PA 309 (SB 267)
FY 2003-04 and FY 2004-05 Supplemental**

FY 2003-04

	Senate Passed		House Passed		Enacted	
	<u>GF/GP</u>	<u>Gross</u>	<u>GF/GP</u>	<u>Gross</u>	<u>GF/GP</u>	<u>Gross</u>
Agriculture	\$0	\$18,986,600	\$0	\$18,585,600	\$0	\$18,986,600
Attorney General	0	764,000	0	714,000	0	764,000
Capital Outlay	(23,299,900)	(19,619,000)	100	3,681,000	(23,299,900)	(19,619,000)
Community Colleges	250,000	250,000	0	0	250,000	250,000
Community Health	(43,811,800)	371,858,400	0	53,103,500	(43,811,800)	371,858,400
Corrections	0	57,400	0	57,400	0	57,400
Education	0	150,000	0	150,000	0	150,000
Environmental Quality	0	78,210,300	0	77,510,300	0	77,980,300
FamilyIndependAgency	(12,000,000)	156,038,600	0	156,038,600	(12,000,000)	156,038,600
Information Technology	0	11,030,000	0	11,030,000	0	11,030,000
Labor/Economic Growth	0	29,274,500	0	29,014,500	0	29,274,500
Military/Veterans	0	4,742,500	0	4,332,700	0	4,742,500
Natural Resources	0	5,562,500	0	5,062,500	0	5,562,500
State	0	1,025,000	0	725,000	0	1,025,000
State Police	2,620,000	8,871,000	0	6,251,000	2,620,000	8,871,000
Transportation	0	111,331,800	0	111,331,800	0	111,331,800
Treasury	0	450,000	0	450,000	0	450,000
TOTALS	(\$76,241,700)	\$778,983,600	\$100	\$478,037,900	(\$76,241,700)	\$778,753,600

FY 2004-05

	Senate Passed		House Passed		Enacted	
	<u>GF/GP</u>	<u>Gross</u>	<u>GF/GP</u>	<u>Gross</u>	<u>GF/GP</u>	<u>Gross</u>
Capital Outlay	\$243,002,100	\$250,797,100	\$0	\$0	\$243,002,100	\$250,797,100
TOTALS	\$243,002,100	\$250,797,100	\$0	\$0	\$243,002,100	\$250,797,100

FY 2003-04 Budgetary Issues

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
AGRICULTURE				
Emerald ash borer control program	FTE	155.0	155.0	155.0
	Gross	\$17,750,000	\$17,750,000	\$17,750,000
	Federal	17,750,000	17,750,000	17,750,000

SUPPLEMENTALS**FY 2003-04 Budgetary Issues**

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
Animal health and welfare	Gross	\$285,600	\$285,600	\$285,600
	Federal	212,100	212,100	212,100
	Restricted	18,500	18,500	18,500
Environmental stewardship	Gross	\$150,000	\$150,000	\$150,000
	IDG	45,000	45,000	45,000
	Federal	100,000	100,000	100,000
	Restricted	5,000	5,000	5,000
Pesticide and plant management	Gross	\$200,000	\$200,000	\$200,000
	Restricted	200,000	200,000	200,000
Distribution of outstanding winning tickets	Gross	\$194,000	\$200,000	\$194,000
	Restricted	194,000	200,000	194,000
Groundwater and freshwater protection	Gross	\$162,000	\$0	\$162,000
	Federal	162,000	0	162,000
Agricultural development and marketing	Gross	\$245,000	\$0	\$245,000
	Federal	245,000	0	245,000
ATTORNEY GENERAL				
Medicaid fraud	Gross	\$434,000	\$433,934	\$434,000
	Federal	434,000	433,934	434,000
Real estate enforcement	Gross	\$200,000	\$200,000	\$200,000
	Restricted	200,000	200,000	200,000
Domestic violence prosecution	Gross	\$80,000	\$80,000	\$80,000
	Federal	80,000	80,000	80,000
Receipt of federal funds	Gross	\$50,000	\$50,000	\$50,000
	Federal	50,000	50,000	50,000
CAPITAL OUTLAY				
Natural Resources Trust Fund projects	Gross	\$23,680,900	\$23,680,900	\$23,680,900
	Restricted	23,680,900	23,680,900	23,680,900
Huron Valley Prison Complex improvements - SBA construction authorization	Gross	\$100	\$100	\$100
	GF/GP	\$100	\$100	\$100
Airport safety and protection plan	Gross	(\$20,000,000)	(\$20,000,000)	(\$20,000,000)
	Local	(20,000,000)	(20,000,000)	(20,000,000)
State building authority rent	Gross	(\$23,300,000)	\$0	(\$23,300,000)
	GF/GP	(\$23,300,000)	\$0	(\$23,300,000)
COMMUNITY COLLEGES				
Renaissance Zone Tax Reimbursement	Gross	\$250,000	\$0	\$250,000
	GF/GP	\$250,000	\$0	\$250,000
COMMUNITY HEALTH				
Certificate of Need program	Gross	\$100,000	\$100,000	\$100,000
	Restricted	100,000	100,000	100,000
Developmental disabilities projects	Gross	\$500,000	\$500,000	\$500,000
	Federal	500,000	500,000	500,000
Michigan Essential Health Care Provider program	Gross	\$54,800	\$54,800	\$54,800
	Federal	27,400	27,400	27,400
	Private	27,400	27,400	27,400
Increased federal revenue for mental health/ Substance abuse services administration	Gross	\$233,000	\$233,000	\$233,000
	Federal	233,000	233,000	233,000

FY 2003-04 Budgetary Issues

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
Federal mental health block grant	Gross	\$1,900,000	\$1,900,000	\$1,900,000
	Federal	1,900,000	1,900,000	1,900,000
Increased hospital days of care	Gross	\$17,841,000	\$17,841,000	\$17,841,000
	Local	17,116,000	17,116,000	17,116,000
	Private	725,000	725,000	725,000
Information technology	Gross	\$8,800,000	\$8,800,000	\$8,800,000
	Federal	8,800,000	8,800,000	8,800,000
Minority health grant	Gross	\$20,000	\$20,000	\$20,000
	Federal	20,000	20,000	20,000
Vital records funding for registries	Gross	\$350,300	\$350,300	\$350,300
	IDG	125,300	125,300	125,300
	Federal	225,000	225,000	225,000
Laboratory services fee revenue and grants	Gross	\$1,991,500	\$1,991,500	\$1,991,500
	Federal	691,500	691,500	691,500
	Restricted	1,300,000	1,300,000	1,300,000
HIV/AIDS surveillance evaluation	Gross	\$203,200	\$203,200	\$203,200
	Federal	203,200	203,200	203,200
Bioterrorism preparedness	Gross	\$600,000	\$600,000	\$600,000
	Federal	600,000	600,000	600,000
Epidemiology	Gross	\$392,500	\$392,500	\$392,500
	Federal	392,500	392,500	392,500
Lead hazard information	Gross	\$100,000	\$100,000	\$100,000
	Federal	100,000	100,000	100,000
Cancer prevention and control	Gross	\$2,868,200	\$2,868,200	\$2,868,200
	Federal	2,868,200	2,868,200	2,868,200
Chronic disease prevention	Gross	\$929,400	\$929,400	\$929,400
	Federal	929,400	929,400	929,400
Public health traffic safety	Gross	\$214,500	\$214,500	\$214,500
	Federal	214,500	214,500	214,500
Rape prevention and education	Gross	\$310,800	\$310,800	\$310,800
	Federal	310,800	310,800	310,800
Migrant health care	Gross	\$72,200	\$72,200	\$72,200
	Federal	72,200	72,200	72,200
Pediatric AIDS	Gross	\$340,100	\$340,100	\$340,100
	Federal	340,100	340,100	340,100
Fetal alcohol syndrome	Gross	\$400,000	\$400,000	\$400,000
	Federal	400,000	400,000	400,000
Real Choice Systems grant	Gross	\$99,400	\$99,400	\$99,400
	Federal	99,400	99,400	99,400
Aging Administration Relatives as Parents grant	Gross	\$20,000	\$20,000	\$20,000
	Private	20,000	20,000	20,000
Targeted care management services for seniors	Gross	\$200,000	\$200,000	\$200,000
	Federal	200,000	200,000	200,000
Senior respite care	Gross	\$450,000	\$450,000	\$450,000
	Restricted	450,000	450,000	450,000

SUPPLEMENTALS**FY 2003-04 Budgetary Issues**

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
Medical services administration university contracts	Gross	\$3,000,000	\$3,000,000	\$3,000,000
	Federal	3,000,000	3,000,000	3,000,000
Psychiatric residency program	Gross	\$3,104,000	\$3,104,000	\$3,104,000
	Federal	1,559,300	1,559,300	1,559,300
	Restricted	1,544,700	1,544,700	1,544,700
Medicaid hospital services	Gross	\$7,398,600	\$7,398,600	\$7,398,600
	Federal	4,298,600	4,298,600	4,298,600
	Restricted	3,100,000	3,100,000	3,100,000
Elder Prescription Insurance Coverage (EPIC) program	Gross	\$610,000	\$610,000	\$610,000
	Restricted	610,000	610,000	610,000
Medicaid base funding	Gross	\$188,202,200	\$0	\$188,202,200
	Federal	109,396,200	0	109,396,200
	GF/GP	\$78,806,000	\$0	\$78,806,000
Transfer from medicaid benefits trust fund	Gross	\$0	\$0	\$0
	Restricted	132,300,000	0	132,300,000
	GF/GP	(\$132,300,000)	\$0	(\$132,300,000)
Children's special health care services	Gross	\$33,197,700	\$0	\$33,197,700
	Federal	14,716,500	0	14,716,500
	GF/GP	\$18,481,200	\$0	\$18,481,200
Special Medicaid financing and loss of pharmacy QAAP savings	Gross	\$15,355,000	\$0	\$15,355,000
	Federal	24,246,500	0	24,246,500
	Local	(77,791,800)	0	(77,791,800)
	Restricted	77,699,300	0	77,699,300
	GF/GP	(\$8,799,000)	\$0	(\$8,799,000)
Hospital quality assurance assessment expansion	Gross	\$82,000,000	\$0	\$82,000,000
	Federal	45,829,800	0	45,829,800
	Restricted	36,170,200	0	36,170,200

CORRECTIONS

Education Services and Federal Education grants	Gross	\$57,400	\$57,400	\$57,400
	Federal	57,400	57,400	57,400

EDUCATION

Limited license to instruct pilot project	Gross	\$150,000	\$150,000	\$150,000
	Restricted	150,000	150,000	150,000

ENVIRONMENTAL QUALITY

Drinking water program - monthly reporting	Gross	\$275,000	\$275,000	\$275,000
	Federal	275,000	275,000	275,000
Surface water	Gross	\$45,000	\$45,000	\$45,000
	Federal	45,000	45,000	45,000
CMI environmental cleanup and redevelopment projects	Gross	\$24,565,000	\$24,565,000	\$24,565,000
	Restricted	24,565,000	24,565,000	24,565,000
CMI brownfield grants and loans	Gross	\$30,000,000	\$30,000,000	\$30,000,000
	Restricted	30,000,000	30,000,000	30,000,000
CMI remediation projects	Gross	\$11,500,000	\$11,500,000	\$11,500,000
	Restricted	11,500,000	11,500,000	11,500,000
CMI nonpoint source pollution control grants	Gross	\$10,000,000	\$10,000,000	\$10,000,000
	Restricted	10,000,000	10,000,000	10,000,000
Coastal management grants	Gross	\$200,000	\$200,000	\$200,000
	Federal	200,000	200,000	200,000

FY 2003-04 Budgetary Issues

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
Surface water	Gross	\$695,300	\$695,300	\$695,300
	Federal	695,300	695,300	695,300
Information technology services and projects	Gross	\$230,000	\$230,000	\$230,000
	Federal	230,000	230,000	230,000
FEMA floodplain mapping	Gross	\$700,000	\$0	\$700,000
	Federal	700,000	0	700,000

FAMILY INDEPENDENCE AGENCY

Family Independence program	Gross	\$26,056,100	\$26,056,100	\$26,056,100
	Federal	26,056,100	26,056,100	26,056,100
Food Assistance program	Gross	\$102,444,200	\$102,444,200	\$102,444,200
	Federal	102,444,200	102,444,200	102,444,200
Day care services	Gross	\$17,809,300	\$17,809,300	\$17,809,300
	Federal	17,809,300	17,809,300	17,809,300
Nutrition education	Gross	\$7,669,800	\$7,669,800	\$7,669,800
	Federal	7,669,800	7,669,800	7,669,800
Weatherization assistance	Gross	\$2,059,200	\$2,059,200	\$2,059,200
	Federal	2,059,200	2,059,200	2,059,200
Family Independence program	Gross	\$0	\$0	\$0
	Federal	12,000,000	0	12,000,000
	GF/GP	(\$12,000,000)	\$0	(\$12,000,000)

INFORMATION TECHNOLOGY

HIPPA project	Gross	\$8,800,000	\$8,800,000	\$8,800,000
	IDG	8,800,000	8,800,000	8,800,000
Commercial vehicle information systems and networks project	Gross	\$2,000,000	\$2,000,000	\$2,000,000
	IDG	2,000,000	2,000,000	2,000,000
DEQ - storm water project	Gross	\$230,000	\$230,000	\$230,000
	IDG	230,000	230,000	230,000

LABOR AND ECONOMIC GROWTH

Remonumentation grants	Gross	\$4,000,000	\$4,000,000	\$4,000,000
	Restricted	4,000,000	4,000,000	4,000,000
Adult basic education	Gross	\$5,000,000	\$5,000,000	\$5,000,000
	Federal	5,000,000	5,000,000	5,000,000
Carl D. Perkins grants	Gross	\$5,000,000	\$5,000,000	\$5,000,000
	Federal	5,000,000	5,000,000	5,000,000
Job training program subgrantees	Gross	\$14,800,000	\$14,800,000	\$14,800,000
	Federal	14,800,000	14,800,000	14,800,000
Land bank fast track authority	FTE	3.0	3.0	3.0
	Gross	\$214,500	\$214,500	\$214,500
	Restricted	214,500	214,500	214,500
MIOSHA funding	Gross	\$180,000	\$0	\$180,000
	Federal	180,000	0	180,000
Employment and training	Gross	\$80,000	\$0	\$80,000
	Federal	80,000	0	80,000

SUPPLEMENTALS**FY 2003-04 Budgetary Issues****MILITARY AND VETERANS AFFAIRS**

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
Headquarters and armories	Gross	\$700,000	\$490,000	\$700,000
	Federal	300,000	300,000	300,000
	IDG	400,000	190,000	400,000
Military training sites and support facilities	Gross	\$2,000,000	\$2,000,000	\$2,000,000
	Federal	2,000,000	2,000,000	2,000,000
Departmentwide appropriations	Gross	\$1,000,000	\$1,000,000	\$1,000,000
	Federal	1,000,000	1,000,000	1,000,000
Grand Rapids veterans' home	Gross	\$600,000	\$600,000	\$600,000
	Restricted	600,000	600,000	600,000
D.J. Jacobetti veterans' home	Gross	\$200,000	\$200,000	\$200,000
	Restricted	400,000	200,000	400,000
	GF/GP	(\$200,000)	\$0	(\$200,000)
Military retirement	Gross	\$200,000	\$0	\$200,000
	GF/GP	\$200,000	\$0	\$200,000

NATURAL RESOURCES

Snowmobile local grants program	Gross	\$4,000,000	\$4,000,000	\$4,000,000
	Restricted	4,000,000	4,000,000	4,000,000
Retail system software upgrade	Gross	\$350,000	\$350,000	\$350,000
	Restricted	350,000	350,000	350,000
Grants, contracts, and customer systems	Gross	\$212,500	\$212,500	\$212,500
	Restricted	212,500	212,500	212,500
Forest and timber treatments	Gross	\$500,000	\$500,000	\$500,000
	Restricted	500,000	500,000	500,000
Wildlife management	Gross	\$500,000	\$0	\$500,000
	Restricted	500,000	0	500,000

STATE

Help America Vote Act implementation	Gross	\$710,000	\$410,000	\$710,000
	Federal	710,000	410,000	710,000
Notary Public Act training, etc.	Gross	\$190,000	\$190,000	\$190,000
	Restricted	190,000	190,000	190,000
Motorcycle safety education grants	Gross	\$125,000	\$125,000	\$125,000
	Restricted	125,000	125,000	125,000

STATE POLICE

Auto theft prevention grants	Gross	\$1,935,000	\$1,935,000	\$1,935,000
	Restricted	1,935,000	1,935,000	1,935,000
Bomb squad equipment	Gross	\$696,000	\$696,000	\$696,000
	Restricted	696,000	696,000	696,000
Training reimbursements	Gross	\$345,000	\$345,000	\$345,000
	Restricted	345,000	345,000	345,000
Dispatch centers	Gross	\$400,000	\$400,000	\$400,000
	Restricted	400,000	400,000	400,000
Breath test equipment distribution	Gross	\$250,000	\$250,000	\$250,000
	Restricted	250,000	250,000	250,000
Commercial vehicle information systems and networks project	Gross	\$2,000,000	\$2,000,000	\$2,000,000
	Federal	2,000,000	2,000,000	2,000,000

FY 2003-04 Budgetary Issues

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
Michigan Commission on Law Enforcement standards	Gross	\$125,000	\$125,000	\$125,000
	Restricted	125,000	125,000	125,000
Uniform services	Gross	\$500,000	\$500,000	\$500,000
	Restricted	500,000	500,000	500,000
Disaster assistance grants	Gross	\$2,620,000	\$0	\$2,620,000
	GF/GP	\$2,620,000	\$0	\$2,620,000

TRANSPORTATION

Federal revenue increase	Gross	\$111,331,800	\$111,331,800	\$111,331,800
	Federal	111,331,800	111,331,800	111,331,800

TREASURY

Federal court case – cigarette trafficking	Gross	\$400,000	\$400,000	\$400,000
	Restricted	400,000	400,000	400,000
Federal court case – right to tax lands	Gross	\$50,000	\$50,000	\$50,000
	Restricted	50,000	50,000	50,000

FY 2004-05 Budgetary Issues

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
CAPITAL OUTLAY				
State Building Authority rent	Gross	\$250,797,100	\$0	\$250,797,100
	Restricted	7,795,000	0	7,795,000
	GF/GP	\$243,002,100	\$0	\$243,002,100

FY 2003-04 Boilerplate Issues

	<u>Senate</u>	<u>House</u>	<u>Enacted</u>
GENERAL SECTIONS			
Sec. 203. Prohibit expenditures for ergonomics guidelines	Included	Included	Included
Sec. 204. FY 2004 GF balance to Budget Stabilization Fund	Included	Not Included	Included
CAPITAL OUTLAY			
Sec. 301. Airport improvement projects, local match rate reduction	Included	Included	Included
Sec. 302. Building demolition authorizations	Included	Included	Included
Sec. 303. Natural Resources Trust Fund, agreements with local units	Included	Included	Included
Sec. 304. Natural Resources Trust Fund, work project accounts	Included	Included	Included
Sec. 305. Project cancellation, Camp Brighton	Included	Included	Included
Sec. 306. Expenditure authorizations, corrections operating accounts	Included	Included	Included
EDUCATION			
Sec. 450. Limited license to instruct pilot project	Included	Included	Included
ENVIRONMENTAL QUALITY			
Sec. 501. Brownfield grants and loans program	Included	Included	Included
Sec. 502. Work project designation: brownfield loan program, brownfield redevelopment grant program, and nonpoint source pollution control grants	Included	Included	Included
Sec. 503. Work project designation: environmental cleanup and redevelopment program	Included	Included	Included
Sec. 504. Environmental cleanup/redevelopment site list	Included	Included	Included

SUPPLEMENTALS

FY 2003-04 Boilerplate Issues

Sec. 505. Work project designation: contaminated lake and river sediment cleanup program **Senate** **House** **Enacted**
Included Included Included

Sec. 506. Contaminated lake and river sediment cleanup program site list Included Included Included

FAMILY INDEPENDENCE AGENCY

Sec. 601. Encouraging Family Foundations program Included Included Included

Sec. 602. Crisis Intervention program, Pontiac Schools Included Included Included

Sec. 603. Prior notice before employee/resident transfers from Adrian Training School Included Not Included Included

JUDICIARY

Sec. 650. Reduce Judicial Technology Improvement Fund authorization by \$1.5 million Included Not Included Included

LABOR AND ECONOMIC GROWTH

Sec. 701. Work project status for remonumentation grants Included Included Included

NATURAL RESOURCES

Sec. 750. Allows for prorated PILT payments Included Not Included Included

TRANSPORTATION

Sec. 801. Multimodal terminal collaboration with SMART Included Included Included

Sec. 802. Bureau of multimodal transportation services expenditure limits Included Included Included

Sec. 803. Proscription of certain costs Included Included Included

Sec. 804. Federal earmark Included Included Included

Sec. 805. Rail passenger and intercity bus strategies Included Included Included

Sec. 806. Prohibits transfer of Mackinac Bridge Authority investment functions to Treasury Included Not Included Included

FY 2004-05 Boilerplate Issues

CAPITAL OUTLAY

Sec. 1301. Allows GF advances for State Building Authority projects to cover construction cash flow **Senate** **House** **Enacted**
Included Not Included Included

Sec. 1302. State Building Authority, return of excess facility revenues Included Not Included Included

Sec. 1303. State Building Authority, allow for insurance payments and insufficient rent appropriations Included Not Included Included

Sec. 1304. State Building Authority, requires detailed project/bonding status report twice per year Included Not Included Included

**Summary of 2004 PA 360 (HB 5527)
FY 2003-04 and FY 2004-05 Supplemental**

FY 2003-04

	House Passed		Senate Passed		Enacted	
	<u>Gross</u>	<u>GF/GP</u>	<u>Gross</u>	<u>GF/GP</u>	<u>Gross</u>	<u>GF/GP</u>
Capital Outlay	\$0	\$0	\$16,700,000	\$0	\$16,700,000	\$0
Natural Resources	0	0	3,250,000	3,250,000	3,250,000	3,250,000
State	0	0	0	10,000,000	0	10,000,000
Treasury	<u>0</u>	<u>0</u>	<u>0</u>	<u>(30,000,000)</u>	<u>0</u>	<u>(30,000,000)</u>
TOTAL	\$0	\$0	\$19,950,000	(\$16,750,000)	\$19,950,000	(\$16,750,000)

FY 2004-05

	House Passed		Senate Passed		Enacted	
	<u>Gross</u>	<u>GF/GP</u>	<u>Gross</u>	<u>GF/GP</u>	<u>Gross</u>	<u>GF/GP</u>
Agriculture	(\$552,200)	(\$552,200)	\$0	\$0	\$0	\$0
Attorney General	(625,300)	(625,300)	0	0	0	0
Capital Outlay	(22,000)	(22,000)	0	0	0	0
Civil Rights	(210,500)	(210,500)	0	0	0	0
Civil Service	(211,100)	(211,100)	0	0	0	0
Community Colleges	(3,143,200)	(3,143,200)	0	0	0	0
Community Health	(159,817,600)	(85,782,700)	0	0	0	0
Corrections	(41,149,900)	(41,149,900)	0	0	0	0
Education	(501,100)	(501,100)	0	0	0	0
Environmental Quality	(1,015,300)	(1,015,300)	0	0	0	0
FamilyIndependAgency	(77,529,800)	(46,125,300)	6,614,600	0	6,614,600	0
Higher Education	(36,903,900)	(16,903,900)	0	0	0	0
History/Arts/Libraries	(10,623,100)	(10,623,100)	0	0	0	0
Judiciary	(1,923,600)	(1,923,600)	0	0	0	0
Labor/Economic Growth	(3,469,000)	(3,469,000)	0	0	0	0
DMB	(1,139,700)	(1,139,700)	0	0	0	0
Military & Veterans	(754,500)	(754,500)	0	0	0	0
Natural Resources	(861,100)	(861,100)	0	0	0	0
State	(990,500)	(990,500)	0	0	0	0
State Police	(3,006,500)	(3,006,500)	0	0	0	0
Transportation	(13,000,000)	0	0	0	0	0
Treasury	<u>(1,368,700)</u>	<u>(1,368,700)</u>	<u>0</u>	<u>0</u>	<u>1,075,000</u>	<u>0</u>
TOTALS	(\$358,818,600)	(\$220,379,200)	\$6,614,600	\$0	\$7,689,600	\$0

SUPPLEMENTALS

FY 2003-04 Budgetary Issues

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
CAPITAL OUTLAY				
Corrections special maintenance projects	Gross	\$0	\$10,950,000	\$10,950,000
	Restricted	0	10,950,000	10,950,000
Utility separation project Northville Hospital	Gross	\$0	\$3,000,000	\$3,000,000
	Restricted	0	3,000,000	3,000,000
State agency special maintenance projects	Gross	\$0	\$2,000,000	\$2,000,000
	Restricted	0	2,000,000	2,000,000
Purchase of (Flint) Valley School building and property	Gross	\$0	\$750,000	\$750,000
	Restricted	0	750,000	750,000
NATURAL RESOURCES				
Payments in lieu of property taxes	Gross	\$0	\$3,250,000	\$3,250,000
	GF/GP	\$0	\$3,250,000	\$3,250,000
STATE				
Branch operations funding shift	Gross	\$0	\$0	\$0
	GF/GP	\$0	\$10,000,000	\$10,000,000
TREASURY				
Quality of Life Bond debt service funding shift	Gross	\$0	\$0	\$0
	GF/GP	\$0	(\$30,000,000)	(\$30,000,000)

FY 2004-05 Budgetary Issues

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
FAMILY INDEPENDENCE AGENCY				
Information technology	Gross	\$0	\$6,614,600	\$6,614,600
	Federal	0	5,842,400	5,842,400
	Restricted	0	772,200	772,200
TREASURY				
Grant for state sports tourism activities	Gross	\$0	\$0	\$1,075,000
	Restricted	0	0	1,075,000

Boilerplate Issues

Sec. 203. Provides for transfer of \$5,250,000 from Merit Award Trust Fund to General Fund.

Sec. 204. Provides for transfer of \$1,750,000 from Tobacco Settlement Trust Fund to General Fund.

Sec. 205. A licensed hospital bed under contract with the state for ventilator dependent care shall be considered an acute care bed for purposes of the quality assessment program; effective October 1, 2004; with federal approval.

Sec. 206. Requires Department of Community Health (DCH) to monitor the progress of a CMHSP required by law to become a CMH authority. At a minimum, monitoring activities would include a copy of the enabling resolution adopted by the Board of Commissioners creating the authority, and a detailed transition plan on activities necessary for successful operation of an authority. Permits DCH to withhold appropriated funds if the CMHSP is not making sufficient progress in becoming a functional CMH authority by a specified date.

Sec. 250. Authorizes unobligated antitrust, securities fraud, consumer protection, and class action enforcement revenues, and attorney fees recovered by the Department of Attorney General, up to \$250,000, to be carried forward.

Sec. 251. Hiring freeze language for Department of Agriculture.

Sec. 301. Provides legal description of Valley School property to be purchased.

Sec. 302. Allows for purchase of Constitution Hall to be financed with State Building Authority bond proceeds (not to exceed \$140 million).

Sec. 351. Authorizes eight additional FTEs for the Public Service Commission.

Boilerplate Issues

Sec. 401. Legislative intent language regarding Executive proposals to relocate male residents at the Maxey and Adrian training schools.

Sec. 501. Establishes state sports tourism appropriation as a work project account.

**FY 2004-05
Budget Detail
for
EDUCATION**

**Community Colleges
Education
Higher Education
School Aid / K-12**

**Summary: Enacted Appropriations
COMMUNITY COLLEGES
FY 2004-05 Senate Bill 1064
Public Act 358 of 2004**

Analyst: Kyle I. Jen

	FY 2003-04 YTD				FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
	(as of 2/12/04)	Executive	Senate	House		Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	0	0	0	0	0	0	0.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	0	0	0	0	0	0	0.0
GF/GP	285,097,000	285,747,000	285,747,000	285,752,800	285,747,000	650,000	0.2
Gross	\$285,097,000	\$285,747,000	\$285,747,000	\$285,752,800	\$285,747,000	\$650,000	0.2
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: FY 2003-04 YTD figures include supplemental appropriations contingent on tuition restraint, but do not include the results of other supplementals or Executive Order actions that occurred after February 12, 2004.

Overview

The Community Colleges budget includes funds for the operations of the state's 28 community colleges, the At-Risk Student Success Program, and renaissance zone tax reimbursement to the colleges. Funding for operations grants to the colleges comprises 98% of the enacted FY 2004-05 budget.

Major Budget Changes from FY 2003-04 YTD Appropriations		FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
1. Operations Funding	Gross	\$280,024,300	\$0
Assumes all 28 colleges comply with tuition restraint provisions, in which case their appropriations will be flat from the FY 2003-04 year-to-date levels following the 3.0% restoration contingent on tuition restraint in that fiscal year. Appropriations for colleges not adhering to tuition restraint provisions will be reduced by 3.0% of their original FY 2003-04 enacted appropriation, for a total appropriation amount contingent on tuition restraint equal to 6.0% of the FY 2003-04 enacted amount. (See boilerplate sections 207 and 1201.)	GF/GP	\$280,024,300	\$0
2. Renaissance Zone Tax Reimbursement	Gross	\$1,750,000	\$650,000
Increases funding for reimbursement to colleges with renaissance zones in their districts, pursuant to the Michigan Renaissance Zone Act (MCL 125.2692), to reflect projected increases in taxable value in those zones.	GF/GP	\$1,750,000	\$650,000

Major Boilerplate Changes from FY 2003-04

Sec. 207. FY 2004-05 Tuition Restraint – NEW

Provides that a portion of each college's appropriation equal to 6.0% of its original FY 2003-04 enacted appropriation only be paid if the college certified by June 30, 2004, that it did not adopt an increase in its academic year 2003-04 in-district tuition and fee rate after December 1, 2003, and that it will not adopt an increase in its in-district tuition and fee rate for any semester in academic year 2004-05 by more than 2.8% compared to its academic year 2003-04 rate. Includes a clause allowing colleges that implemented a 2003-04 tuition increase (adopted after December 1, 2003) to rebate that increase and remain eligible for the contingent appropriations. Establishes reporting requirement by state budget director with input from House and Senate Fiscal Agencies and states that appropriations for compliant colleges will not be reduced in FY 2004-05.

Sec. 208. Entrepreneurship Curriculum – NEW

Requires Department of Labor and Economic Growth to work with community colleges to develop an accelerated entrepreneurship curriculum, including an associate's degree.

Sec. 220. Special Maintenance Projects – REVISED

Adds legislative intent to restore funding for infrastructure, technology, equipment, and maintenance (ITEM) provided in previous years.

Sec. 233. Preventative Contraceptives – DELETED

Encourages inclusion of preventative contraceptives in prescription coverage.

Sec. 235. State University Admission/Enrollment Policies – REVISED

Adds language allowing Michigan Community College Association to form workgroup to evaluate state university admission and enrollment policies.

Sec. 236. Tuition Reciprocity Agreements – NEW

States legislative intent that tuition reciprocity agreements be submitted for review and approval by the appropriations committees at least once every three years and that, under such agreements, out-of-state students pay the in-state, out-of-district rate at the Michigan community college(s).

Sec. 237. Payments in Lieu of Taxes – NEW

States legislative intent that a workgroup be formed to evaluate the possibility of making payments in lieu of taxes to community colleges whose districts contain state-owned land.

Sec. 238. Optional Retirement Plan – NEW

States legislative intent that a workgroup be formed to evaluate the impact of expanding eligibility for the Optional Retirement Plan (a defined contribution plan available to full-time community college faculty and administrative staff as an alternative to the MPSERS defined benefit plan) to include part-time faculty.

Sec. 508. Tuition and Fee Reporting – REVISED

Adds requirement that cost of attendance be reported based on full-time course load of 30 credit hours.

Sec. 1201. FY 2003-04 Tuition Restraint – NEW

Provides that an amount equal to 3.0% of each college's original FY 2003-04 enacted appropriation be paid in FY 2003-04 only if the college certified by June 30, 2004, that it will comply with the same tuition restraint provisions specified for FY 2004-05 in section 207. Includes language identical to that in section 207 regarding the rebate of tuition increases in academic year 2003-04 and the establishment of a reporting requirement. Includes language shifting the appropriations from FY 2003-04 to FY 2004-05 if the Northville Psychiatric Hospital property is not sold by October 1, 2004, with intent that the funds be paid in full by October 15, 2004. (Enacting section 1 repeals section 251 of 2003 PA 237, which previously governed FY 2003-04 tuition restraint).

**Summary: Enacted Appropriations
DEPARTMENT OF EDUCATION
FY 2004-05 Senate Bill 1065
Public Act 346 of 2004**

Analysts: Mary Ann Cleary, Laurie Cummings

	FY 2003-04 YTD (as of 2/12/04)	FY 2003-04 YTD			FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
		Executive	Senate	House		Amount	%
IDG/IDT	\$1,000,000	\$1,072,100	\$1,072,100	\$1,072,100	\$1,072,100	\$72,100	7.2
Federal	65,876,900	60,796,800	60,324,250	60,654,700	60,796,800	(5,080,100)	(7.7)
Local	4,791,600	5,198,800	5,196,550	5,198,800	5,208,800	417,200	8.7
Private	701,400	606,600	701,400	702,100	606,600	(94,800)	(13.5)
Restricted	6,851,600	19,470,000	19,333,300	19,473,100	19,470,000	12,618,400	184.2
GF/GP	29,059,700	26,408,900	28,392,150	26,456,600	26,394,700	(2,665,000)	(9.2)
Gross	\$108,281,200	\$113,553,200	\$115,019,750	\$113,557,400	\$113,549,000	\$5,267,800	4.9
FTEs	433.1	400.0	413.0	413.0	413.0	(20.1)	(4.6)

Note: FY 2003-04 YTD figures do not include the results of any supplementals or Executive Order actions that occurred after February 12, 2004.

Overview

The State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Department of Education (DOE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the DOE include developing and overseeing the K-12 school system, certifying teachers, collecting and reporting educational data, disbursing funds to educational organizations, and providing technical assistance to school districts.

Major Budget Changes from FY 2003-04 YTD Appropriations		FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
1. Michigan Education Assessment Program (MEAP)	Gross	\$0	\$24,969,100
Creates a new Educational Assessment unit to house the MEAP program, which was transferred from the Department of Treasury.	Federal	0	11,283,700
	Restricted	0	13,685,400
2. Federal Grants	Gross	\$20,000,000	(\$19,000,000)
Reduces funding for Urgent School Renovation by \$19.0 million to \$1.0 million to reflect a continued phase-out of the program at the federal level.	Federal	20,000,000	(19,000,000)
3. Driver Education Grants	Gross	\$1,500,000	(\$1,500,000)
Eliminates \$1.5 million funding for Driver Education grants to complete phase-out of the program per EO 2003-23 of 2003.	Restricted	1,500,000	(1,500,000)
4. School Breakfast Program	Gross	\$10,370,100	(\$2,345,100)
Provides a reduction of \$2.3 million GF/GP to adjust for lower program costs.	GF/GP	\$10,370,100	(\$2,345,100)

EDUCATION

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		<u>FY 2003-04 YTD (as of 2/12/04)</u>	<u>Enacted Change from YTD</u>
5. Limited License to Instruct Pilot Project	Gross	\$0	\$150,000
Allocates \$75,000 to the Alternative Route to Certification Program at Central Michigan University and \$75,000 to the Limited License program.	Restricted	0	150,000
6. Per Diem Payments	Gross	\$24,400	\$0
Includes per diem payments at the current-year level.	GF/GP	\$24,400	\$0
7. National Board Certification Grants	Gross	\$100,000	\$0
Maintains a grant which pays for 50% of the fee to become certified by the National Board for Professional Teaching Standards.	Restricted	100,000	0

Major Boilerplate Changes from FY 2003-04

Sec. 211. Special Education Auditor – DELETED

Requires that Department provide funding for a special education auditor to audit school districts' funds for special education services.

Sec. 214. Personal Services Contracts – REVISED

Maintains current language that requires Department to competitively bid contracts valued at more than \$10,000, but strikes language that prohibits Department from entering into more than one personal service contract with any one contractor in a fiscal year.

Sec. 215. Prohibition on Out-of-State Travel – NEW

Adds boilerplate language prohibiting out-of-state travel, except under certain conditions.

Sec. 901. Michigan Educational Assessment Program Tests – NEW

Requires Department to provide MEAP tests to nonpublic and home-schooled students upon request, funded with state funds.

**Summary: Enacted Appropriations
HIGHER EDUCATION
FY 2004-05 Senate Bill 1067
Public Act 352 of 2004**

Analyst: Kyle I. Jen

	FY 2003-04 YTD (as of 2/12/04)	Executive	Senate	House	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	4,480,700	4,500,000	4,500,000	4,500,000	4,500,000	19,300	0.4
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	89,750,000	66,750,000	90,750,000	77,915,200	85,150,000	(4,600,000)	(5.1)
GF/GP	1,603,335,500	1,536,714,400	1,603,335,600	1,603,334,100	1,600,500,500	(2,835,000)	(0.2)
Gross	\$1,697,566,200	\$1,607,964,400	\$1,698,585,600	\$1,685,749,300	\$1,690,150,500	(\$7,415,700)	(0.4)
FTEs	1.0	1.0	1.0	1.0	1.0	0.0	0.0

Note: FY 2003-04 YTD figures include supplemental appropriations contingent on tuition restraint, but do not include the results of other supplementals or Executive Order actions that occurred after February 12, 2004.

Overview

The Higher Education budget provides funding for the operations of the 15 state universities; need-based and merit-based financial aid programs for students attending state universities, community colleges, and independent colleges and universities; and support for several statewide programs—including Michigan State University’s Agriculture Experiment Station and Extension Service. Funding for state university operations comprises 85% of the enacted FY 2004-05 budget.

Major Budget Changes from FY 2003-04 YTD Appropriations

1. Operations—Tuition Restraint

Assumes all 15 universities comply with tuition restraint provisions, in which case their appropriations will be flat from the FY 2003-04 year-to-date levels following the 3.0% restoration contingent on tuition restraint in that fiscal year. Appropriations for universities not adhering to tuition restraint provisions would be reduced by 3.0% of their original FY 2003-04 enacted appropriation, for a total appropriation amount contingent on tuition restraint equal to 6.0% of the FY 2003-04 enacted amount. (See boilerplate sections 436 and 1201.)

	FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
Gross	\$1,434,166,500	\$0
Restricted	9,500,000	0
GF/GP	\$1,424,666,500	\$0

2. Bay Mills Indian Tuition Waiver Funding

Shifts \$100,000 pass-through payment for Indian Tuition Waivers at Bay Mills Community College from Northern Michigan's operations appropriation to Lake Superior State's operations appropriation. (See new boilerplate section 461.)

Gross	\$100,000	\$0
GF/GP	\$100,000	\$0

HIGHER EDUCATION

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		<u>FY 2003-04 YTD (as of 2/12/04)</u>	<u>Enacted Change from YTD</u>
3. <i>Agriculture Experiment Station and Cooperative Extension</i>	Gross	\$61,768,100	\$0
Maintains current-year funding levels for both programs.	GF/GP	\$61,768,100	\$0
4. <i>Midwestern Higher Education Compact</i>	Gross	\$0	\$165,000
Adds funding for costs of both FY 2003-04 and FY 2004-05 dues. (FY 2003-04 appropriation of \$82,500 GF/GP was vetoed.)	GF/GP	\$0	\$165,000
5. <i>Tuition Grants</i>	Gross	\$64,768,100	(\$3,000,000)
Reduces funding for Tuition Grant Program—a need-based financial aid program for students attending independent universities and colleges—by 4.6%.	GF/GP	\$64,768,100	(\$3,000,000)
6. <i>Michigan Merit Award Program</i>	Gross	\$67,000,000	(\$5,600,000)
Reduces appropriation to reflect lower estimate for program costs. FY 2004-05 appropriation contains funding for first half of the \$2,500 awards to 2004 high school graduates.	Restricted	67,000,000	(5,600,000)
7. <i>Tuition Incentive Program (TIP)</i>	Gross	\$9,250,000	\$1,000,000
Increases appropriation for Tuition Incentive Program—a need-based financial aid program for Medicaid-eligible individuals—to reflect projected increase in costs.	Restricted	9,250,000	1,000,000

Major Boilerplate Changes from FY 2003-04

Sec. 209. *American Goods and Services* – REVISED

Adds language to give preference to goods and services manufactured or provided by Michigan businesses.

Sec. 308. *Payment Schedule* – REVISED

Revises quarterly payment schedule for Dental Clinics Grant from 50%/50%/0%/0% to 25%/25%/25%/25%.

Sec. 310. *Tuition Incentive Program (TIP)* – REVISED

Removes prohibition against use of Tuition Incentive Program payments for theology or divinity courses.

Sec. 401. *Joseph F. Young Psychiatric Research* – REVISED

Reduces earmark from Wayne State University appropriation for Joseph F. Young, Sr. Psychiatric Research and Training Program by 2.0%.

Sec. 408. *Undergraduate Instruction* – DELETED

States legislative recognition that undergraduate instruction is the first and foremost obligation of public universities.

Sec. 418. *Law School Collaborative Efforts* – DELETED

Prohibits use of state funds to undertake a collaborative effort with another university that would increase the enrollment of law students.

Sec. 434. *Economic Development* – DELETED

Requires quarterly reports on meetings between Presidents Council and Michigan Economic Development Corporation.

Major Boilerplate Changes from FY 2003-04**Sec. 436. Tuition Restraint – REVISED**

Provides that a portion of each university's appropriation equal to 6.0% of its original FY 2003-04 enacted appropriation only be paid if the university certifies by October 1, 2004, that it will comply with certain tuition restraint requirements regarding its FY 2004-05 tuition and fee rate. Requirements are (applying only to resident undergraduate students):

Grand Valley, Michigan State, Saginaw Valley: Rate increase limited to 2.4% of highest annualized rate for any semester in academic year (AY) 2003-04

Western: \$200 of \$500 records fee must be rebated to students who paid fee and rate increase limited to 2.4% of average fall/winter rate for AY 2003-04 (records fee not included in calculations for percent increase)

Remaining 11 universities: Rate increase limited to 2.8% of average fall/winter rate for AY 2003-04

Also provides for establishing reporting requirement by state budget director with input from House and Senate Fiscal Agencies, states that appropriations for compliant universities will not be reduced in FY 2004-05, and applies tuition increase limits to each semester of AY 2004-05 (on annualized basis) compared to AY 2003-04.

Sec. 437. Retirement System Stabilization Subaccount – REVISED

Adds language to specify subsidy of \$4.9 million from Michigan Public School Employee Retirement System stabilization subaccount to reduce the contribution rate for the seven universities with employees in the system.

Sec. 439. Dormitory Smoking Policies – DELETED

Requires any universities that allow smoking in dormitories to report the reasons for that policy.

Sec. 440. Tuition Data – NEW

Requires tuition and fee data to be submitted to HEIDI database by August 31, 2004.

Sec. 450. Floor Funding – NEW

States legislative intent for a per-student funding floor of \$4,000 based on FY 2002-03 fiscal year-equated students. Specifies that these funds would be appropriated from the unreserved GF/GP balance at the close of FY 2003-04.

Sec. 460. Student and Presidential Housing – NEW

Requires a report from each university on the condition of and costs associated with both student housing facilities and any housing facilities provided for the university's president or chancellor.

Sec. 461. Bay Mills Indian Tuition Waiver Funding – NEW

Requires \$100,000 payment from Lake Superior State's operations appropriation to Bay Mills Community College for costs of the Indian Tuition Waiver Program.

Sec. 701. "Distance Learning Instruction" Definition – REVISED

Adds definition of term "distance learning instruction" for purposes of excluding student credit hours generated through distance learning, under certain circumstances, from those reported to HEIDI database.

Sec. 701a. New Degree Programs – REVISED

Updates list of new degree programs established by universities.

Sec. 710. Report on Financial Aid – DELETED

Requires state universities to report certain financial aid data.

Sec. 1201. FY 2003-04 Tuition Restraint – NEW

Provides that an amount equal to 3.0% of each university's original FY 2003-04 enacted appropriation be paid in FY 2003-04 to each university certifying by October 1, 2004, that it did not adopt an increase in its academic year 2003-04 resident undergraduate tuition and fee rate after December 1, 2003. Universities that did adopt such an increase will receive only 1/2 of the 3.0% appropriation amount, unless they rebate the tuition increase. Includes language identical to that in section 436 regarding establishment of a reporting requirement, as well as language shifting the appropriations from FY 2003-04 to FY 2004-05 if the Northville Psychiatric Hospital property is not sold by October 1, 2004, with intent that the funds be paid in full by October 15, 2004. (Enacting section 1 repeals section 452 of 2003 PA 237, which previously governed FY 2003-04 tuition restraint.)

Sec. 1302. Notification of Scholarship Applicants – DELETED

States legislative intent that applicants for State Competitive Scholarships and Tuition Grants be notified by July 31 of the status of their awards.

SCHOOL AID

**Summary: Enacted Appropriations
SCHOOL AID
FY 2004-05 Senate Bill 1069
Public Act 351 of 2004**

Analysts: Mary Ann Cleary, Laurie Cummings

IDG/IDT	FY 2003-04 YTD (as of 2/12/04)	Executive	Senate	House	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	1,316,681,900	1,314,388,000	1,314,388,000	1,353,539,800	1,353,540,100	36,858,200	2.8
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	10,731,587,100	11,033,722,200	11,033,722,200	11,038,650,000	11,008,700,000	277,112,900	2.6
GF/GP	327,700,000	131,800,000	138,600,000	137,907,700	165,200,000	(162,500,000)	(49.6)
Gross	\$12,375,969,000	\$12,479,910,200	\$12,486,710,200	\$12,530,097,500	\$12,527,440,100	\$151,471,100	1.2
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: FY 2003-04 YTD includes the \$131.0 million reduction for proration and is reduced \$50.7 million to reflect savings from additional local property tax audits and homestead exemption audits. FY 2003-04 YTD figures do not include the results of other supplementals or Executive Order actions that occurred after February 12, 2004.

Overview

The School Aid budget makes appropriations to the state's 554 local school districts, 191 public school academies, and 57 intermediate school districts for operations and certain categorical programs. It also appropriates funds to the Center for Education Performance, Department of Labor and Economic Growth, and other entities to implement certain grants and other programs related to K-12 education.

Major Budget Changes from 2003-04 YTD Appropriations		FY 2003-04 YTD (as of 2/12/04)	Enacted Change From YTD
1. School Bond Redemption Fund	Gross	\$28,300,000	\$12,800,000
Adds \$12.8 million to cover anticipated costs for school bond loans to school districts.	GF/GP	\$28,300,000	\$12,800,000
2. Proposal A Obligation Payment	Gross	\$6,765,300,000	(\$86,322,200)
Reduces appropriation by \$86.3 million to reflect changes in pupil estimates, taxable values, savings from property tax audits, and changes in the pupil blend to 75/25.	Restricted	6,765,300,000	(86,322,200)
3. Discretionary Payment	Gross	\$2,872,000,000	\$38,300,000
Increases appropriation by \$38.3 million to reflect changes in membership blends, taxable value estimates and also includes \$15.0 million for school districts with a reform board.	Restricted	2,872,000,000	38,300,000

<u>Major Budget Changes from 2003-04 YTD Appropriations</u>		<u>FY 2003-04 YTD (as of 2/12/04)</u>	<u>Enacted Change From YTD</u>
4. Renaissance Zone Reimbursement	Gross	\$29,960,000	\$6,240,000
Adds \$6.2 million for estimated additional costs associated with Renaissance Zones. This allocation is to reimburse school districts, ISDs and school aid fund for property tax losses associated with the zones.	Restricted	29,960,000	6,240,000
5. ISD 0-5 Parenting Grants	Gross	\$3,326,000	\$0
Transfers \$3.3 million to section 81 (ISD general operations), but maintains all other requirements of the section. Allows ISDs to use private or local funds to meet the 3.5% minimum spending requirement.	Restricted	3,326,000	0
6. ISD General Operations	Gross	\$91,702,100	(\$14,000,000)
Reduces general operations funding by \$14.0 million and transfers in \$3.3 million from ISD 0-5 program and requires ISDs to run the program in section 32j in order to receive funding under this section.	Restricted	91,702,100	(14,000,000)
7. Center for Education Performance and Information	Gross	\$6,857,600	(\$3,311,300)
Reduces appropriation by \$3.0 million to match the actual expenditure level for FY 2003-04.	Federal	2,357,600	(311,300)
	GF/GP	\$4,500,000	(\$3,000,000)
8. Freedom to Learn Grants	Gross	\$39,343,200	(\$18,300,000)
Appropriates \$3.7 million in school aid funds and maintains the current-year federal appropriations level.	Federal	17,343,200	0
	Restricted	22,000,000	(18,300,000)

Major Boilerplate Changes from 2003-04

Sec. 6(4). Membership Blend – MODIFIED

Changes the pupil membership blend from an “80/20” blend to a “75/25” blend—a sum of 75% of the current fall pupil count plus 25% of the previous February’s count, resulting in a savings of \$8.0 million.

Sec. 11(1). Revenue Sources/Cost Savings – NEW

Assumes \$50.3 million in new revenue from increased tax collections, lottery advertisement, and additional tobacco tax revenue and includes ongoing cost savings as a result of Homestead Exemption Audits of \$26.8 million and Personal Property Tax Audits of \$24.5 million.

Sec. 11(4). Proration Language – MODIFIED

Adds sections 11j (School Bond Loan program), 26a (Renaissance Zone Reimbursement), 51a(12) (Special Education juvenile detention foundations), 53a (Special Education court placed pupils) and section 56 (special education millage equalization) as protected sections from proration and exempts districts that are in receivership from any future proration.

Sec. 11(6). Intent Language – NEW

States intent to restore the “80/20” pupil membership blend and to restore ISD funding to FY 2003-04 appropriation levels if additional revenues are estimated to be available at the May 2005 Revenue Conference.

Sec. 11b. General Fund Transfers to School Aid Stabilization Fund – MODIFIED

Transfers \$3.7 million from the General Fund to the School Aid Stabilization Fund, which is then allocated to the Freedom to Learn Program under Sec. 98b.

Sec. 20(1). Basic Foundation Allowance – MAINTAINED

Retains the basic per-pupil foundation allowances of \$6,700, the same level as FY 2003-04 prior to proration.

Sec. 20(20). Reform Board Allocation – MAINTAINED

Maintains current law by including funding of \$15.0 million for a school district with a reform board.

SCHOOL AID

Major Boilerplate Changes from 2003-04

Sec. 20J. Hold Harmless Districts – MAINTAINED

Retains current law.

Sec. 22D. Isolated School Districts – NEW

Allocates funds to small, rural and Upper Peninsula or island districts to ensure they receive a minimum funding level. The total allocation is \$750,000.

Sec. 31a. At-Risk Program – MODIFIED

Adds language to allow qualifying districts to use up to 10% of their funds for school security.

Sec. 98. Michigan Virtual University – MODIFIED

Adds language authorizing Department of Education to administer the Michigan Virtual High School if the Michigan Virtual University ceases to operate.

Sec. 98b. Freedom to Learn Program – MODIFIED

Adds language to allow 6th grade teachers to be eligible for a laptop grant and authorizes Ferris State University to administer the Freedom to Learn program if Michigan Virtual University ceases to operate.

Sec. 101. Days and Hours of Instruction – MODIFIED

Adds language allowing an additional 30 hours to be exempted for “extenuating circumstances” that occur after April 1 of the year and requires the Superintendent of Public Instruction to approve any additional hours.

Sec. 107. Adult Education Program Requirements and Payments – MAINTAINED

Retains current-law language and maintains funding on a “90/10” basis—90% for enrollment and 10% for completion.

Sec. 107b. Adult Learning Pilot Programs – NEW

Authorizes the Department of Labor and Economic Growth to implement a pilot adult learning system in two regions starting FY 2005-06 and to establish an advisory committee to review and make funding requirements. Does not authorize a specific amount of funding for the pilots, but specifies that funding be equal to the amount that otherwise would have been received under the adult education program.

Sec. 147. MPERS Contribution Subsidy – MODIFIED

Reduces the estimated percentage of payroll that districts must allocate for public school employee retirement from 16.27% to 14.87%, saving districts an estimated \$138.0 million.

**FY 2004-05
Budget Detail
for
GENERAL GOVERNMENT**

**Attorney General
Civil Rights
Civil Service
Executive
Information Technology
Legislature
Management and Budget
State
Treasury-Operations
Treasury-Revenue Sharing/Debt Service**

**Summary: Enacted Appropriations
ALL GENERAL GOVERNMENT DEPARTMENTS
FY 2004-05 House Bill 5517
Public Act 327 of 2004**

Analyst: Robin Risko

	FY 2003-04 YTD (as of 09/01/04)	Revised Executive	House	Senate	FY 2004-05 Enacted
IDG/IDT	\$580,677,200	\$500,932,400	\$550,214,600	\$537,397,900	\$556,704,500
Federal	62,743,300	51,522,900	50,531,800	50,414,400	50,531,800
Local	2,610,800	20,532,800	2,664,300	2,664,100	20,532,800
Private	550,100	550,100	550,100	550,100	550,100
Restricted	1,773,782,600	1,618,639,600	1,621,781,800	1,618,681,200	1,633,621,300
GF/GP	338,486,932	350,050,900	345,257,200	344,693,000	335,061,900
Gross	\$2,758,850,932	\$2,542,228,700	\$2,570,999,800	\$2,554,400,700	\$2,597,002,400
FTEs	6,963.9	6,998.9	6,987.9	6,998.4	7,043.4

Note: Revised Executive includes all revisions to the original Executive budget (April 4 and May 27, 2004).

Overview of All General Government Departments

Public Act 327 of 2004, HB 5517, totals \$2.6 billion gross and \$335.1 million GF/GP. The General Government budget is:

\$161.8 million, or 5.9%, under current-year gross and \$3.4 million, or 1.0%, under current-year GF/GP.

\$54.8 million, or 2.2%, over the revised Executive-recommended gross and \$15.0 million, or 4.3%, under the revised Executive-recommended GF/GP.

\$26.0 million, or 1.0%, over the House-passed gross and \$10.2 million, or 3.0%, under the House-passed GF/GP.

\$42.6 million, or 1.7%, over the Senate-passed gross and \$9.6 million, or 2.8%, under the Senate-passed GF/GP.

**Summary: Enacted Appropriations
ATTORNEY GENERAL
FY 2004-05 House Bill 5517
Public Act 327 of 2004**

Analyst: Robin Risko

	FY 2003-04 YTD (as of 09/01/04)	Revised Executive	House	Senate	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$10,810,600	\$11,244,300	\$12,545,500	\$12,545,500	\$12,545,500	\$1,734,900	16.0
Federal	9,563,800	9,292,400	8,301,300	8,301,300	8,301,300	(1,262,500)	(13.2)
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	10,870,100	11,070,000	10,485,000	10,485,000	10,485,000	(385,100)	(3.5)
GF/GP	30,259,900	30,518,600	31,898,400	31,687,600	31,503,900	1,244,000	4.1
Gross	\$61,504,400	\$62,125,300	\$63,230,200	\$63,019,400	\$62,835,700	\$1,331,300	2.2
FTEs	568.0	562.0	564.0	564.0	564.0	(4.0)	(0.7)

Note: Revised Executive includes all revisions to the original Executive budget (April 4 and May 27, 2004).

Overview

The Attorney General serves as legal counsel for state departments, agencies, boards, commissions, and their officers, brings actions and intervenes in cases on the state's behalf, and represents legislators and judges who may be sued while acting in their official capacities. The Attorney General issues opinions on questions of law submitted by members of the Legislature and others, serves as chief law enforcement officer of the state, and has supervisory powers over all local prosecuting attorneys. The Department's mission is to protect the common legal rights of citizens, defend the Constitution and the laws of the state, and represent the legal interests of government. The Department's goals are to make the state a safe place for its citizens, offer justice to the victims of crime, defend common natural resources and monetary assets of the state, and deliver excellent legal services at a minimum cost to taxpayers.

Major Budget Changes from FY 2003-04 YTD Appropriations		FY 2003-04 YTD (as of 09/01/04)	Enacted Change from YTD
1. Employee-Related Economic Increases	Gross	N/A	\$4,828,100
Adds funding to cover increased staff salary, insurance, and retirement costs.	IDG	N/A	818,300
	Federal	N/A	551,900
	Restricted	N/A	755,500
	GF/GP	N/A	\$2,702,400
2. Employee-Related Savings	Gross	N/A	(\$1,776,300)
Reduces funding to partially offset cost of employee-related economic increases. Savings achieved by reducing outside contracts, promoting voluntary work schedule adjustments, and continuing a portion of temporary wage and benefit concessions.	IDG	N/A	(384,600)
	Federal	N/A	(259,300)
	Restricted	N/A	(355,600)
	GF/GP	N/A	(\$776,800)
3. Other Economic Adjustments	Gross	N/A	(\$453,200)
Reduces rent funding by \$324,200, building occupancy charges by \$127,000, and workers' compensation premiums by \$2,000.	GF/GP	N/A	(\$453,200)

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		<u>FY 2003-04 YTD (as of 09/01/04)</u>	<u>Enacted Change from YTD</u>
4. Health Professionals	Gross	\$1,170,400	\$460,900
Adds funding to cover services provided by the Attorney General to Community Health, Bureau of Health Services; licensing activities and regulation of health care providers have increased.	IDG	1,170,400	460,900
5. Office of Financial and Insurance Services	Gross	\$122,800	\$903,600
Adds funding to cover services provided by Attorney General to Department of Labor and Economic Growth (DLEG), Office of Financial and Insurance Services; significant increase in workload due to health care receiverships and liquidations.	IDG	122,800	903,600
6. Food Stamp Revenue	Gross	\$978,200	(\$633,800)
Reflects reduced federal funding from U.S. Department of Agriculture for support of food stamp fraud cases; federal revenue received has been lower than appropriated amounts.	Federal	978,200	(633,800)
7. Byrne Grant	Gross	\$2,164,600	(\$364,700)
Reflects elimination of federal Byrne Grant funding that was available to support Attorney General Operations line item; funding has been discontinued.	Federal	2,164,600	(364,700)
8. Real Estate Enforcement	FTEs	N/A	2.0
Adds FTE authorizations and funding for expenses incurred by Attorney General for services to DLEG; will support costs of prosecutions resulting from unlicensed real estate activities.	Gross	N/A	\$200,000
	Restricted	N/A	200,000
9. Prisoner Reimbursement	Gross	\$1,101,700	(\$719,200)
Reduces prisoner reimbursement revenue amount appropriated to more accurately reflect revenue the Attorney General expects to collect. There is an overstatement of revenue collections in the FY 2004-05 budget.	Restricted	1,101,700	(719,200)
10. Executive Budget Revision Letter 05/27/04	Gross	N/A	(\$189,800)
Reduces GF/GP to reflect savings from changes in allocating year-end salary and fringe benefit costs between fiscal years and new actuarial experience study for State Employee Retirement System.	GF/GP	N/A	(\$189,800)
11. Information Technology Reduction	Gross	\$824,600	(\$14,700)
Reduces funding for Information Technology Services and Projects by \$14,700.	GF/GP	\$824,600	(\$14,700)

Major Boilerplate Changes from FY 2003-04

Contingency Funds – NOT INCLUDED

Appropriates federal, state restricted, local, and private contingency funding that can be expended only upon legislative transfer to a specific line item.

Sec. 307. Unobligated Antitrust Enforcement Revenue – VETOED

Authorizes unobligated antitrust, securities fraud, consumer protection, and class action enforcement revenues, and attorney fees recovered by Department, up to \$1.0 million, to be carried forward.

Sec. 309. Prisoner Reimbursement Revenue – VETOED CARRY-FORWARD AUTHORIZATION

Authorizes Department to spend prisoner reimbursement revenue as follows: up to \$400,000 on activities related to State Correctional Facilities Reimbursement Act, and up to \$1.0 million if Department collects over \$1.1 million on defense of litigation against state, its departments, officers, employees, or agents in civil actions filed by prisoners; and authorizes unexpended revenue, up to \$1.0 million, to be carried forward.

CIVIL RIGHTS

**Summary: Enacted Appropriations
CIVIL RIGHTS
FY 2004-05 House Bill 5517
Public Act 327 of 2004**

Analyst: Robin Risko

	FY 2003-04 YTD (as of 09/01/04)	Revised Executive	House	Senate	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	934,000	934,000	934,000	934,000	934,000	0	0.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	0	0	0	0	0	0	0.0
GF/GP	11,720,158	11,773,300	11,857,200	11,248,300	11,759,000	38,842	0.3
Gross	\$12,654,158	\$12,707,300	\$12,791,200	\$12,182,300	\$12,693,000	\$38,842	0.3
FTEs	142.0	141.0	141.0	141.0	141.0	(1.0)	(0.7)

Note: Revised Executive includes all revisions to the original Executive budget (April 4 and May 27, 2004).

Overview

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, or national origin and is directed to "secure the equal protection of such civil rights without such discrimination." The Michigan Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The Department provides educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, and provides information and services to businesses on equal employment laws and other civil rights areas.

Major Budget Changes from FY 2003-04 YTD Appropriations

		FY 2003-04 YTD (as of 09/01/04)	Enacted Change from YTD
1. Employee-Related Economic Increases	Gross	N/A	\$870,900
Adds funding to cover increased staff salary, insurance, and retirement costs.	GF/GP	N/A	\$870,900
2. Employee-Related Savings	Gross	N/A	(\$346,900)
Reduces funding to partially offset cost of employee-related economic increases. Savings achieved by reducing outside contracts, promoting voluntary work schedule adjustments, and continuing a portion of temporary wage and benefit concessions.	GF/GP	N/A	(\$346,900)
3. Other Economic Adjustments	Gross	N/A	(\$375,700)
Reduces funding for rent and building occupancy charges by \$374,700 and workers' compensation premiums by \$1,000.	GF/GP	N/A	(\$375,700)

CIVIL RIGHTS

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		<u>FY 2003-04 YTD (as of 09/01/04)</u>	<u>Enacted Change from YTD</u>
4. Human Resources Optimization Project	FTEs	N/A	(1.0)
Reduces FTE authorization and funding by \$49,100 as a result of consolidated human resources functions. Civil Service to create a new Human Resources Call Center; Civil Rights will pay for services provided, \$29,500.	Gross	N/A	(\$19,600)
	GF/GP	N/A	(\$19,600)
5. Executive Budget Revision Letter 05/27/04	Gross	N/A	(\$83,900)
Reduces GF/GP to reflect savings from changes in allocating year-end salary and fringe benefit costs between fiscal years and the new actuarial experience study for State Employee Retirement System.	GF/GP	N/A	(\$83,900)
6. Information Technology Reduction	Gross	\$804,000	(\$14,300)
Reduces funding for Information Technology Services and Projects by \$14,300.	GF/GP	\$804,000	(\$14,300)

Major Boilerplate Changes from FY 2003-04

Contingency Funds – NOT INCLUDED

Appropriates federal contingency funding that can be expended only upon legislative transfer to a specific line item.

CIVIL SERVICE

**Summary: Enacted Appropriations
CIVIL SERVICE
FY 2004-05 House Bill 5517
Public Act 327 of 2004**

Analyst: Robin Risko

	FY 2003-04 YTD (as of 09/01/04)	Revised Executive	House	Senate	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$2,300,000	\$2,300,000	\$5,370,900	\$5,295,900	\$5,370,900	\$3,070,900	133.5
Federal	4,779,100	4,779,100	4,779,100	4,699,200	4,779,100	0	0.0
Local	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	0	0.0
Private	150,000	150,000	150,000	150,000	150,000	0	0.0
Restricted	14,872,200	18,545,500	15,474,600	15,412,700	15,474,600	602,400	4.1
GF/GP	7,832,537	7,735,200	7,788,300	7,650,500	7,672,100	(160,437)	(2.0)
Gross	\$31,633,837	\$35,209,800	\$35,262,900	\$34,908,300	\$35,146,700	\$3,512,863	11.1
FTEs	142.0	141.0	141.0	141.0	141.0	29.0	13.7

Note: Revised Executive includes all revisions to the original Executive budget (April 4 and May 27, 2004).

Overview

The Department of Civil Service is responsible for implementing policies established by the Civil Service Commission. The Department administers a statewide merit system that provides classified job opportunities within state government, including administering competitive examinations for classified positions, setting pay scales, administering employee benefits, and administering the Civil Service Commission's Employment Relations Policy. The Department also maintains ongoing statewide recruitment.

Major Budget Changes from FY 2003-04 YTD Appropriations

		FY 2003-04 YTD (as of 09/01/04)	Enacted Change from YTD
1. Human Resources Optimization Project	FTEs	N/A	30.0
Adds 30.0 FTEs and \$3.0 million for the creation of a new Human Resources Call Center; a portion of the funding will be used for increased information technology costs associated with consolidation of human resources functions.	Gross	N/A	\$3,070,900
	IDG	N/A	3,070,900
2. Employee-Related Economic Increases	Gross	N/A	\$1,949,800
Adds funding to cover increased staff salary, insurance, and retirement costs.	Restricted	N/A	1,127,900
	GF/GP	N/A	\$821,900
3. Employee-Related Savings	Gross	N/A	(\$588,600)
Reduces funding to partially offset cost of employee-related economic increases. Savings achieved by reducing outside contracts, promoting voluntary work schedule adjustments, and continuing a portion of temporary wage and benefit concessions.	Restricted	N/A	(384,800)
	GF/GP	N/A	(\$203,800)
4. Other Economic Adjustments	Gross	N/A	(\$62,000)
Reduces funding for building occupancy charges by \$60,000 and workers' compensation premiums by \$2,000.	Restricted	N/A	(40,300)
	GF/GP	N/A	(\$21,700)

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		<u>FY 2003-04 YTD (as of 09/01/04)</u>	<u>Enacted Change from YTD</u>
5. Administrative Efficiencies	Gross	N/A	(\$600,000)
Reflects savings resulting from reduced spending for contractual services, reduced in-state travel and conference attendance, and delayed improvements to Human Resources Management Network.	GF/GP	N/A	(\$600,000)
6. Human Resources Optimization Project	FTEs	N/A	(1.0)
Reduces FTE authorization and funding by \$49,100 as a result of consolidated human resources functions; Civil Service will create a new Human Resources Call Center.	Gross	N/A	(\$49,100)
	Restricted	N/A	(31,900)
	GF/GP	N/A	(\$17,200)
7. Executive Budget Revision Letter 05/27/04	Gross	N/A	(\$53,100)
Reduces GF/GP to reflect savings from changes in allocating year-end salary and fringe benefit costs between fiscal years and new actuarial experience study for State Employee Retirement System.	GF/GP	N/A	(\$53,100)
8. Information Technology Reduction	Gross	\$2,863,700	(\$63,100)
Reduces funding for Information Technology Services and Projects by \$63,100.	Federal	1,142,0000	0
	Restricted	837,500	0
	GF/GP	\$884,200	(\$63,100)

Major Boilerplate Changes from FY 2003-04

Contingency Funds – NOT INCLUDED

Appropriates federal, state restricted, local, and private contingency funding that can be expended only upon legislative transfer to a specific line item.

Sec. 505. Report on Feasibility of Child Care Centers

Requires Department, in cooperation with Office of the State Employer, to report regarding feasibility of establishing quality child care centers to accommodate the needs of state employees, including possible locations, potential number of children that would be served, possible federal funding sources available, benefits of work behavior and attitudes to employees and employers, and estimated cost of program.

EXECUTIVE

**Summary: Enacted Appropriations
EXECUTIVE
FY 2004-05 House Bill 5517
Public Act 327 of 2004**

Analyst: Robin Risko

	FY 2003-04 YTD (as of 09/01/04)	Revised Executive	House	Senate	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	0	0	0	0	0	0	0.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	0	0	0	0	0	0	0.0
GF/GP	4,859,500	4,859,500	4,859,500	4,859,400	5,205,500	346,000	7.1
Gross	\$4,859,500	\$4,859,500	\$4,859,500	\$4,859,400	\$5,205,500	\$346,000	7.1
FTEs	84.2	84.2	84.2	84.2	84.2	0.0	0.0

Note: Revised Executive includes all revisions to the original Executive budget (April 4 and May 27, 2004).

Overview

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Divisions within the Governor's Office include: Legal, Operations, Community-Based Initiatives, Appointments, Constituent Services, Policy, Communications, Legislative Affairs, Scheduling, Special Projects, and the Governor's Washington D.C. Office, Southeastern Michigan Office, and Upper Peninsula Office.

Major Budget Changes from FY 2003-04 YTD Appropriations

Economics

Adds funding for economic increases.

	FY 2003-04 YTD (as of 09/01/04)	Enacted Change from YTD
Gross	N/A	\$346,000
GF/GP	N/A	\$346,000

Major Boilerplate Changes from FY 2003-04

None

**Summary: Enacted Appropriations
INFORMATION TECHNOLOGY
FY 2004-05 House Bill 5517
Public Act 327 of 2004**

Analyst: Robin Risko

	FY 2003-04 YTD (as of 09/01/04)	Revised Executive	House	Senate	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$371,269,300	\$365,838,600	\$355,248,700	\$340,599,300	\$360,738,600	(\$10,530,700)	(2.8)
Federal	0	0	0	0	0	0	0.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	0	0	0	0	0	0	0.0
GF/GP	0	0	0	0	0	0	0.0
Gross	\$371,269,300	\$365,838,600	\$355,248,700	\$340,599,300	\$360,738,600	(\$10,530,700)	(2.8)
FTEs	1,755.4	1,762.4	1,762.4	1,762.4	1,762.4	7.0	0.4

Note: Revised Executive includes all revisions to the original Executive budget (April 4 and May 27, 2004).

Overview

The Department of Information Technology (DIT) acts as a general contractor between the state's information technology users and private sector providers of information technology (IT) products and services. The Department's services include application development and maintenance; desktop, mainframe, server and local area network computer support and management; contract, project, and procurement planning; telecommunication services; security; and software and software licensing. The Department utilizes existing technology funding and state employees from within the other 19 executive branch departments and agencies; each state department and agency requests spending authority to fund information technology-related activities and pays for technology services rendered by the Department of Information Technology through an interdepartmental grant. Administration of fund sources remains with each agency.

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		<u>FY 2003-04 YTD (as of 09/01/04)</u>	<u>Enacted Change from YTD</u>
1. Employee-Related Economic Increases	Gross	N/A	\$14,830,600
Adds funding to cover increased staff salary, insurance, and retirement costs.	IDG	N/A	14,830,600
2. Employee-Related Savings	Gross	N/A	(\$4,472,200)
Reduces funding to partially offset cost of employee-related economic increases. Savings achieved by reducing outside contracts, promoting voluntary work schedule adjustments, and continuing a portion of temporary wage and benefit concessions.	IDG	N/A	(4,472,200)

INFORMATION TECHNOLOGY

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		<u>FY 2003-04 YTD (as of 09/01/04)</u>	<u>Enacted Change from YTD</u>
3. <i>Executive Order (EO) 2003-23 Adjustments</i>	Gross	N/A	(\$13,888,400)
Adjusts DIT budget for changes in other department budgets as a result of EO 2003-23, to accurately reflect statewide appropriations for IT services and projects.	IDG	N/A	(13,888,400)
4. <i>FY 2004 Adjustments</i>	Gross	N/A	\$11,243,100
Adjusts DIT budget for changes in other department budgets as a result of supplemental appropriations and actual enacted appropriations.	IDG	N/A	11,243,100
5. <i>Reduced Funding for CSES</i>	Gross	N/A	(\$12,000,000)
Reflects a reduction in funding for the Child Support Enforcement System (CSES) in the Family Independence Agency budget based on projected spending levels. The CSES project has been certified and fully implemented; funding will continue to be available for ongoing operation and maintenance costs.	IDG	N/A	(12,000,000)
6. <i>Baseline Reductions</i>	Gross	N/A	(\$4,331,600)
Reflects savings of \$4.3 million as a result of reductions in platform and telecommunication rates, data line charges, data center operations, agency and maintenance services, contractual and consulting services, staff, CSS&M, and equipment purchases.	IDG	N/A	(4,331,600)
7. <i>Unemployment Call Center</i>	Gross	N/A	\$9,115,200
Reflects transfer of DLEG's contract with IBM to DIT. Contract funding supports Unemployment Call Center and computer system which houses all of the state's unemployment data.	IDG	N/A	9,115,200
8. <i>Adjustments for Corrections</i>	Gross	N/A	\$2,220,000
Reflects adjustments made in Corrections budget for conversion of the entire Department from Correction Management Information System to Offender Management Network Information System.	IDG	N/A	2,220,000
9. <i>Adjustments for State Police</i>	Gross	N/A	\$2,430,000
Reflects adjustments made in State Police budget for transfer of Commercial Vehicle Information System Network project, fleet funding, and IT-related personnel costs from State Police to DIT.	IDG	N/A	2,430,000
10. <i>Human Resources Optimization</i>	FTEs	N/A	4.0
Adds FTE authorization and funding for operation and maintenance of new Human Resources Call Center being implemented in Civil Service budget. Funding will cover annual fees for software, staff, server hosting, maintenance and support, and toll-free service.	Gross IDG	N/A N/A	\$1,070,900 1,070,900
11. <i>Executive Budget Revision Letter 05/27/04</i>	Gross	N/A	(\$397,200)
Reduces IDG funding to reflect savings from changes in allocating year-end salary and fringe benefit costs between fiscal years and new actuarial experience study for State Employee Retirement System.	IDG	N/A	(397,200)
12. <i>Program Reductions</i>	Gross	\$371,269,300	(\$10,530,700)
Reduces total funding by 2.8% from current-year appropriated levels; actual GF/GP savings are reflected in affected department/agency budgets.	IDG	371,269,300	(10,530,700)

Major Boilerplate Changes from FY 2003-04

Contingency Funds – NOT INCLUDED

Appropriates IDG funding that can be expended only upon legislative transfer to a specific line item.

User Fees – DELETED

Requires Department to be funded with user fees assessed against other state departments and requires user fees to be based on services provided by Department.

Sec. 573. Sale of Paid Advertising – MODIFIED

Authorizes Department to sell and accept paid advertising; requires revenue received to be used for operating costs and future technology enhancements; limits the amount of revenue that can be received from the sale of paid advertising to \$250,000; requires a privacy policy be adopted; and requires a report on total amount of revenue received from the sale of paid advertising and total number of advertising transactions.

Sec. 574. Spatial Information/Technical Services – MODIFIED

Authorizes Department to supply spatial information and technical services to other state departments, local units of government, and other organizations, to receive and expend funding for providing such services, publications, maps, and other products, and report on sources of funding and expenditures made.

LEGISLATURE

**Summary: Enacted Appropriations
LEGISLATURE
FY 2004-05 House Bill 5517
Public Act 327 of 2004**

Analyst: Robin Risko

IDG/IDT	FY 2003-04 YTD (as of 09/01/04)	Revised Executive	House	Senate	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
	\$1,662,900	\$1,801,500	\$1,801,500	\$1,801,500	\$1,801,500	\$138,600	8.3
Federal	0	0	0	0	0	0	0.0
Local	0	0	0	0	0	0	0.0
Private	400,000	400,000	400,000	400,000	400,000	0	0.0
Restricted	2,495,100	2,356,500	2,356,500	2,356,500	2,356,500	(138,600)	(5.6)
GF/GP	114,072,800	114,072,800	114,122,800	117,071,300	122,173,900	8,101,100	7.1
Gross	\$118,630,800	\$118,630,800	\$118,680,800	\$121,629,300	\$126,731,900	\$8,101,100	6.8
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: Revised Executive includes all revisions to the original Executive budget (April 4 and May 27, 2004).

Overview

The Legislature budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, Office of the Auditor General, Legislative Retirement System, and Property Management. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature; the Office of the Auditor General is responsible for conducting financial and performance audits of state government operations; the Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries; and Property Management employees maintain, operate, and repair the Capitol Building, House of Representatives Office Building, and Farnum Building.

Major Budget Changes from FY 2003-04 YTD Appropriations		FY 2003-04 YTD (as of 09/01/04)	Enacted Change from YTD
1. Auditor General – Fund Source Shift	Gross	\$0	\$0
Increases IDG funding and reduces state restricted funding by the same amount to more accurately reflect where audit charges occur.	IDG	1,662,900	138,600
	Restricted	1,385,300	(138,600)
2. Auditor General – Economics	Gross	N/A	\$932,300
Adds funding for economic increases.	GF/GP	N/A	\$932,300
3. Legislature – Economics	Gross	N/A	\$7,168,800
Adds funding for economic increases for Legislature, Legislative Council, Legislative Retirement System, and Property Management.	GF/GP	N/A	\$7,168,800

Major Boilerplate Changes from FY 2003-04

Contingency Funds – NOT INCLUDED

Appropriates state restricted contingency funds to the Auditor General that can be expended only upon legislative transfer to a specific line item.

Sec. 606. Property Management – MODIFIED

Designates appropriations for property management as work project appropriations and includes work project account information required pursuant to the Management and Budget Act.

Sec. 606a. Automated Data Processing – NEW

Designates House, Senate, and Legislative Service Bureau automated data processing appropriations as work project appropriations and includes work project account information required pursuant to the Management and Budget Act.

**Summary: Enacted Appropriations
MANAGEMENT AND BUDGET
FY 2004-05 House Bill 5517
Public Act 327 of 2004**

Analyst: Robin Risko

	FY 2003-04 YTD (as of 09/01/04)	Revised Executive	House	Senate	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$162,216,800	\$86,575,200	\$142,075,200	\$144,012,600	\$143,075,200	(\$19,141,600)	(11.8)
Federal	740,800	444,600	444,600	443,600	444,600	(296,200)	(40.0)
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	31,201,300	33,206,100	33,206,100	32,563,600	33,206,100	2,004,800	6.4
GF/GP	35,828,900	37,074,000	37,111,600	35,699,100	36,684,200	855,300	2.4
Gross	\$229,987,800	\$157,299,900	\$212,837,500	\$212,718,900	\$213,410,100	(\$16,577,700)	(7.2)
FTEs	722.0	731.0	729.0	731.0	731.0	9.0	1.2

Note: Revised Executive includes all revisions to the original Executive budget (April 4 and May 27, 2004).

Overview

The Department of Management and Budget (DMB) is the interdepartmental service and management agency responsible for ensuring proper financial recordkeeping for state agencies; managing capital outlay projects, state property, state purchasing programs, and the state's retirement systems; supervising the state motor vehicle fleet, and providing office support services to state agencies. The Office of the State Budget, housed within DMB, prepares, presents, and executes the state budget on behalf of the Governor. The Department has several autonomous units, including Office of the State Employer, Office of the Children's Ombudsman, and Office of Regulatory Reform.

Major Budget Changes from FY 2003-04 YTD Appropriations		FY 2003-04 YTD (as of 09/01/04)	Enacted Change from YTD
1. Motor Vehicle Fleet	Gross	\$58,500,000	(\$2,000,000)
Retains line item appropriation and reduces current-year funding by \$2.0 million.	IDG	58,500,000	(2,000,000)
2. Restructuring Rent Payments	Gross	N/A	(\$18,100,000)
Reflects savings of \$18.1 million due to renegotiation of long-term leases for buildings the Department manages. Rent for affected leased facilities for FY 2004-05 will be reduced as a result of financial restructuring.	IDG	N/A	(18,100,000)
3. Employee-Related Economic Increases	Gross	N/A	\$7,438,900
Adds funding to cover increased staff salary, insurance, and retirement costs.	IDG	N/A	2,564,000
	Restricted	N/A	1,833,100
	GF/GP	N/A	\$3,041,800

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		<u>FY 2003-04 YTD (as of 09/01/04)</u>	<u>Enacted Change from YTD</u>
4. Employee-Related Savings	Gross	N/A	(\$2,261,200)
Reduces funding to partially offset cost of employee-related economic increases. Savings achieved by reducing outside contracts, promoting voluntary work schedule adjustments, and continuing a portion of temporary wage and benefit concessions.	IDG	N/A	(763,600)
	Restricted	N/A	(645,400)
	GF/GP	N/A	(\$852,200)
5. Internal Audit Partnership with Treasury	FTEs	N/A	4.0
Reflects transfer of 4.0 FTEs and funding from Department of Treasury to DMB to support administrative costs associated with DMB providing internal audit services to Department of Treasury.	Gross	N/A	\$425,000
	GF/GP	N/A	\$425,000
6. Retirement System Vision ORS Project	Gross	N/A	\$553,000
Adds funding to cover IT cost increases associated with Vision ORS system for maintenance, software and licenses for additional servers, network storage space, professional services to perform anticipated major annual software upgrades, and application support tools for the application support team.	Restricted	N/A	553,000
7. Reduced Funding for MAIN Support	Gross	N/A	(\$477,000)
Reflects savings due to reducing state and contractor staff costs, scaling back on system development initiatives, and reducing operating costs as a result of optimizing MAIN data archiving.	GF/GP	N/A	(\$477,000)
8. Building Operation Service Reductions	FTEs	N/A	(2.0)
Reflects savings of \$81,000 from elimination of uniform rental and laundry services, \$53,000 from conversion of Grand Tower Building contractual operations staff to state staff, \$47,000 from warehouse lease cancellation and a move to state space, and \$30,000 from elimination of contract reporting requirements.	Gross	N/A	(\$211,000)
	IDG	N/A	(211,000)
9. Human Resources Optimization	FTEs	N/A	(1.0)
Reduces FTE authorization and funding by \$49,100 by consolidating human resources functions. Civil Service will create a new Human Resources Call Center and Department of Management and Budget will pay for services provided, \$29,500.	Gross	N/A	(\$19,600)
	IDG	N/A	(7,600)
	Restricted	N/A	(8,000)
	GF/GP	N/A	(\$4,000)
10. Executive Budget Revision Letter 04/01/04	FTEs	N/A	2.0
Reflects transfer of 2.0 FTEs and associated funding from Department of State to DMB as a result of implementing EO 2002-20, which consolidated all real estate planning functions performed by state agencies within DMB.	Gross	N/A	\$199,800
	GF/GP	N/A	\$199,800
11. Executive Budget Revision Letter 05/27/04	Gross	N/A	(\$237,400)
Reduces GF/GP to reflect savings from changes in allocating year-end salary and fringe benefit costs between fiscal years and new actuarial experience study for State Employee Retirement System.	GF/GP	N/A	(\$237,400)
12. Information Technology Reduction	Gross	\$25,660,100	(\$389,800)
Reduces funding for Information Technology Services and Projects by \$389,800.	IDG	893,200	0
	Federal	27,600	0
	Restricted	8,570,400	0
	GF/GP	\$16,168,900	(\$389,800)

MANAGEMENT AND BUDGET

Major Boilerplate Changes from FY 2003-04

DEPARTMENT OF MANAGEMENT AND BUDGET

Contingency Funds – NOT INCLUDED

Appropriates federal, state restricted, and local contingency funding that can be expended only upon legislative transfer to a specific line item.

Training and Orientation Workshops – DELETED

Authorizes DMB to receive and expend funding for conducting training and orientation workshops and seminars.

Sec. 713. Revisions to Computer Contracts – MODIFIED

Requires DMB to report on any revisions that increase or decrease current computer contracts by more than \$500,000 at least 14 days prior to finalization of revisions.

Sec. 715. Motor Vehicle Fleet – MODIFIED

Requires appropriation for motor vehicle fleet to be used for administration and acquisition, lease, operation, maintenance, repair, replacement, and disposal of state motor vehicles; specifies that appropriation be funded by revenue from rates charged to state departments and agencies for utilizing vehicle travel services provided by DMB; authorizes excess revenue from Motor Transport Fund carried forward; expresses legislative intent that DMB have authority to determine appropriateness of vehicle assignment, gives DMB authority to assign motor vehicles, either permanently or temporarily, to state agencies and to institutions of higher education; expresses legislative intent that DMB complete a project plan which results in reducing expenditures related to vehicle travel services, to include reducing number of state vehicles; requires a quarterly report on status of project plan; and expresses legislative intent that the DMB determine feasibility of using driver record information upon issuing state cars to state employees to ensure responsibility and safety.

Sec. 716. Purchasing from Michigan-Based Firms – NEW

Requires DMB to adopt policies and procedures necessary to provide a purchasing preference for products manufactured or services offered by Michigan-based firms.

Sec. 717. Purchasing Decisions in the Best Interests of the State – NEW

Establishes guidelines for DMB to follow when determining whether the purchase, contracting for, providing of supplies, materials, services, insurance, utilities, third-party financing, equipment, printing, and other items needed by state departments is in the best interests of the state.

Sec. 718. Vendor Disclosure (Information to Collect) – NEW

Lists types of information DMB is authorized to collect from vendors to ensure compliance with procurement of goods and services from Michigan-based providers.

Sec. 719. Vendor Disclosure (Call Centers) – NEW

Authorizes DMB to require any vendor or subcontractor who provides call or contact center services to the state to disclose the location from which the call or contact center services are being provided to inbound caller.

Sec. 720. Building Occupancy Expenditures – NEW

Requires Department to reduce building occupancy general fund expenditures by \$700,000.

Sec. 721. Law Enforcement Officers Memorial – NEW

Authorizes receipt and expenditure of funds from Michigan Law Enforcement Officers Memorial Monument Fund for design and construction of a memorial monument for law enforcement officers who died in the line of duty.

GENERAL GOVERNMENT SECTIONS OF BOILERPLATE

Privatization – DELETED

Requires departments to submit a complete project plan 60 days prior to beginning any effort to privatize and requires an evaluation of privatization initiative within 30 months.

Sec. 216. Travel Restrictions – NEW

Limits out-of-state travel to situations in which specified conditions apply, authorizes State Budget Director to grant exceptions to allow travel that is necessary but does not meet specified conditions, and requires a report listing all out-of-state travel by classified and unclassified employees funded with department appropriations.

Sec. 217. General Fund Restrictions – NEW

Prohibits use of general fund appropriations where federal funding is available for the same purpose.

Summary: Enacted Appropriations
STATE
FY 2004-05 House Bill 5517
Public Act 327 of 2004

Analyst: Robin Risko

	FY 2003-04 YTD (as of 09/01/04)	Revised Executive	House	Senate	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$0	0.0
Federal	2,029,500	1,391,000	1,391,000	1,391,000	1,391,000	(638,500)	(31.5)
Local	0	0	0	0	0	0	0.0
Private	100	100	100	100	100	0	0.0
Restricted	143,385,200	151,678,500	151,553,500	150,272,800	141,878,500	(1,506,700)	(1.1)
GF/GP	16,698,451	15,061,600	15,321,400	14,741,200	23,909,900	7,211,449	43.2
Gross	\$182,113,251	\$188,131,200	\$188,266,000	\$186,405,100	\$187,179,500	\$5,066,249	2.8
FTEs	1,856.8	1,857.8	1,859.8	1,857.8	1,857.8	1.0	0.1

Note: Revised Executive includes all revisions to the original Executive budget (April 4 and May 27, 2004).

Overview

The Department of State administers programs in four major areas: motor vehicle transactions (includes titling and registering vehicles), traffic safety (includes driver testing); consumer protection (includes inspecting and licensing automotive repair facilities); and regulation and administration of the state's electoral process (includes training local election officials and monitoring campaign finance).

Major Budget Changes from FY 2003-04 YTD Appropriations

1. Employee-Related Economic Increases

Adds funding to cover increased staff salary, insurance, and retirement costs.

	FY 2003-04 YTD (as of 09/01/04)	Enacted Change from YTD
Gross	N/A	\$11,765,900
Federal	N/A	109,400
Restricted	N/A	10,986,600
GF/GP	N/A	\$669,900

2. Employee-Related Savings

Reduces funding to partially offset cost of employee-related economic increases. Savings achieved by reducing outside contracts, promoting voluntary work schedule adjustments, and continuing a portion of temporary wage and benefit concessions.

	FY 2003-04 YTD (as of 09/01/04)	Enacted Change from YTD
Gross	N/A	(\$3,735,300)
Federal	N/A	(37,900)
Restricted	N/A	(3,488,100)
GF/GP	N/A	(\$209,300)

3. Other Economic Adjustments

Reduces funding for building occupancy charges by \$973,700 gross and workers' compensation premiums by \$22,000 gross.

	FY 2003-04 YTD (as of 09/01/04)	Enacted Change from YTD
Gross	N/A	(\$995,700)
Restricted	N/A	(732,400)
GF/GP	N/A	(\$263,300)

4. Qualified Voter File

Adds funding for continued maintenance and improvement of server processes, a group of programs utilized by all 1,498 city, county, and township clerks to administer elections.

	FY 2003-04 YTD (as of 09/01/04)	Enacted Change from YTD
Gross	\$1,334,300	\$395,300
GF/GP	\$1,334,300	\$395,300

STATE

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		FY 2003-04 YTD (as of 09/01/04)	Enacted Change from YTD
5. Transfer of Driver Education Program	FTEs	N/A	2.0
Reflects transfer of FTEs and funding to cover administrative costs for Driver Education program being transferred from Department of Education to Department of State. Major responsibilities include approval of driver education courses and approval of driver education instructors in both school district and proprietary driver training programs.	Gross	N/A	\$528,000
	Restricted	N/A	528,000
6. Notary Public Act	FTEs	N/A	1.0
Adds 1.0 FTE and \$400,000 for implementation of 2003 PA 238 (rewrites the Michigan Notary Public Act and takes effect on April 1) which streamlines the application process, authorizing the Department to conduct background checks to ensure suitable candidates—\$100,000 to be used for educating and training county clerks on new process.	Gross	N/A	\$400,000
	Restricted	N/A	400,000
7. DIT Base Reduction	Gross	\$24,189,247	(\$936,800)
Reflects savings due to reductions in data center platform and telecommunication rates, contractual services, consulting charges, and hardware costs.	Restricted	19,291,300	0
	GF/GP	\$4,897,947	(\$936,800)
8. Executive Budget Revision Letter 04/01/04	FTEs	2.0	(2.0)
Reflects transfer of 2.0 FTEs and associated funding from Department of State to DMB as a result of implementing EO 2002-20, which consolidated all real estate planning functions performed by state agencies within DMB.	Gross	\$199,800	(\$199,800)
	GF/GP	\$199,800	(\$199,800)
9. Executive Budget Revision Letter 04/01/04	Gross	\$1,200,000	\$125,000
Authorizes receipt of additional fee revenue which will be used to increase motorcycle safety and education grant funding made available to local programs.	Restricted	1,200,000	125,000
10. Executive Budget Revision Letter 05/27/04	Gross	N/A	(\$60,000)
Reduces GF/GP to reflect savings from changes in allocating year-end salary and fringe benefit costs between fiscal years and new actuarial experience study for State Employee Retirement System.	GF/GP	N/A	(\$60,000)
		N/A	
11. Information Technology Reduction	Gross	\$24,189,247	(\$1,151,700)
Reduces funding for Legacy Mainframe Computer Project by \$1.1 million and reduces funding for Information Technology Services and Projects by \$51,700.	Restricted	19,291,300	0
	GF/GP	\$4,897,947	(\$1,151,700)
12. Transportation Administration Collection Fund	Gross	\$0	\$0
Adds \$10.0 million GF/GP to cover a portion of the shortfall of revenue in Transportation Administration Collection Fund.	Restricted	36,517,700	(10,000,000)
	GF/GP	\$0	\$10,000,000
13. Motorcycle Safety Equipment	Gross	\$1,200,000	\$200,000
Adds \$200,000 in Motorcycle Safety Fund revenue for purchase of motorcycle safety equipment.	Restricted	1,200,000	200,000

Major Boilerplate Changes from FY 2003-04

Contingency Funds – NOT INCLUDED

Appropriates federal, state restricted, local, and private contingency funding that can be expended only upon legislative transfer to a specific line item.

Major Boilerplate Changes from FY 2003-04

Unlicensed Dealer Fines – DELETED

Authorizes funding collected by the Department from unlicensed dealer fines used to offset administrative expenses and requires funding be transferred via legislative transfer process in order to be available for expenditure.

Sec. 815. Notification of Closing/Consolidating Branch Offices – MODIFIED

Requires Department, at least 60 days prior to announcement of branch office closings, consolidations, or relocations, to inform appropriations committees and legislators who represent affected areas. Announcement is required to be provided in written form and to include all analyses done regarding criteria for changes in location of branches, to include branch transactions, revenue, and impact on citizens affected. A detailed report regarding Department's branch optimization plan announced on April 26, 2004, is required.

Sec. 818. Motorcycle Safety Education Program – MODIFIED

Requires funding appropriated for Motorcycle Safety Education Grants and Administration program be used for operation of program; requires funding for program to be derived from original and renewal motorcycle license endorsements, annual registration fees, and operator driving test fees; authorizes funding for grants to help subsidize safety training courses for individuals interested in operating motorcycles; authorizes funding to be used for costs associated with administration of program; and requires funding appropriated for motorcycle safety equipment be used to purchase equipment for use by public instructional providers of motorcycle safety education courses.

TREASURY

**Summary: Enacted Appropriations
TREASURY
FY 2004-05 House Bill 5517
Public Act 327 of 2004**

Analyst: Robin Risko

	FY 2003-04 YTD (as of 09/01/04)	Revised Executive	House	Senate	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$12,417,600	\$13,172,800	\$13,172,800	\$13,143,100	\$13,172,800	\$755,200	6.1
Federal	44,696,100	34,681,800	34,681,800	34,645,300	34,681,800	(10,014,300)	(22.4)
Local	910,800	18,832,800	964,300	964,100	18,832,800	17,922,000	1,967.7
Private	0	0	0	0	0	0	0.0
Restricted	1,570,958,700	1,401,783,000	1,408,706,100	1,407,590,600	1,430,220,600	(140,738,100)	(9.0)
GF/GP	117,214,686	128,955,900	122,298,000	121,735,600	96,153,400	(21,061,286)	(18.0)
Gross	\$1,746,197,886	\$1,597,426,300	\$1,579,823,000	\$1,578,078,700	\$1,593,061,400	(\$153,136,486)	(8.8)
FTEs	1,624.0	1,620.0	1,607.0	1,617.5	1,662.5	38.5	2.4

Note: Revised Executive includes all revisions to the original Executive budget (April 4 and May 27, 2004).

Overview

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the Governor on tax and fiscal policy issues. The Department's mission is to collect state taxes, to invest, control, and disburse state monies, and to protect the state's credit rating and that of its cities. The Department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues, advises issuers of municipal obligations, and lends funds to local units of government in fiscal distress through the Emergency Loan Board.

Major Budget Changes from FY 2003-04 YTD Appropriations	FY 2003-04 YTD (as of 09/01/04)	Enacted Change from YTD
TREASURY OPERATIONS		
1. Employee-Related Economic Increases	Gross	N/A
Adds funding to cover increased staff salary, insurance, and retirement costs (includes Bureau of State Lottery [BSL] and Michigan Gaming Control Board [MGCB] staff).	IDG	\$14,971,900
	Federal	967,900
	Local	1,053,100
	Restricted	80,800
	GF/GP	10,712,600
		\$2,157,500
2. Employee-Related Savings	Gross	N/A
Reduces funding to partially offset cost of employee-related economic increases. Savings achieved by reducing outside contracts, promoting voluntary work schedule adjustments, and continuing a portion of temporary wage and benefit concessions (includes BSL and MGCB staff).	IDG	(\$4,649,700)
	Federal	(295,500)
	Local	(268,600)
	Restricted	(27,300)
	GF/GP	(3,374,100)
		(\$684,200)

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		<u>FY 2003-04 YTD (as of 09/01/04)</u>	<u>Enacted Change from YTD</u>
3. Other Economic Adjustments	Gross	N/A	(\$1,714,300)
Reduces funding for building occupancy charges by \$1.7 million gross and workers' compensation premiums by \$17,000 gross (includes BSL and MGCB staff).	Restricted	N/A	(887,900)
	GF/GP	N/A	(\$826,400)
4. Human Resources Optimization Project	FTEs	N/A	(3.0)
Reduces FTE authorization and funding by \$147,200 as a result of consolidated human resources functions; Civil Service will create a new Human Resources Call Center, and Treasury will pay for services provided, \$88,600 (includes BSL and MGCB staff).	Gross	N/A	(\$58,600)
	Restricted	N/A	(32,300)
	GF/GP	N/A	(\$26,300)
5. Transfer of MEAP / Merit Award Board	FTEs	24.0	(18.0)
Reflects transfer of FTEs and \$27.3 million appropriated for Michigan Educational Assessment Program administration and Michigan Merit Award Board from Treasury to Department of Education, pursuant to EO 2003-20. Retains 6.0 FTEs and \$1.6 million associated with Michigan Merit Award program.	Gross	\$28,927,300	(\$27,346,900)
	Federal	10,798,800	(10,798,800)
	Restricted	18,128,500	(16,548,100)
6. Revenue Recovery Initiatives	Gross	N/A	(\$550,000)
Reflects overall reduction in GF/GP funding originally included in 2003 PA 237 for enhanced revenue recovery initiatives: industrial facility and tax increment finance audits; statewide cash basis audit process, managed desk audits, out-of-state vendor audits, and standardized audit schedules and statistical sampling; sales, use, and withholding tax reconciliation; and levy process enhancement, field staff enforcement of collections, IRS data sharing to increase delinquent tax revenue collections, and enforcement of 2003 PA 23, which holds corporate officers of Limited Liability Corporations liable for unpaid taxes.	Restricted	N/A	450,000
	GF/GP	N/A	(\$1,000,000)
7. Additional Auditors for MGCB	FTEs	102.0	4.0
Adds FTE authorization and funding for MGCB to hire auditors. According to a recent Auditor General report, the Board needs additional staff to conduct audits of casinos on a more regular basis.	Gross	\$16,516,600	\$323,100
	Restricted	16,516,600	323,100
8. Executive Budget Revision Letter 05/27/04	Gross	N/A	(\$169,500)
Reduces GF/GP to reflect savings from changes in allocating year-end salary and fringe benefit costs between fiscal years and new actuarial experience study for State Employee Retirement System.	GF/GP	N/A	(\$169,500)
9. Executive Budget Revision Letter 05/27/04	FTEs	N/A	17.0
Adds FTEs and funding to reflect EO 2004-2, which transferred responsibility for sale of tax-reverted property from DNR to Treasury.	Gross	N/A	\$2,500,000
	Restricted	N/A	2,500,000
10. Personal Property Tax Audits	FTEs	N/A	38.0
Includes 38.0 FTEs and \$3.5 million for state to hire or contract with employees to perform personal property tax audits.	Gross	N/A	\$3,500,000
	GF/GP	N/A	\$3,500,000
REVENUE SHARING			
11. Constitutional Revenue Sharing	Gross	\$654,842,100	\$26,157,900
Adds funding for constitutional revenue sharing payments.	Restricted	654,842,100	26,157,900

TREASURY

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		FY 2003-04 YTD (as of 09/01/04)	Enacted Change from YTD
12. Statutory Revenue Sharing	Gross	\$651,636,900	(\$206,336,900)
Reduces funding for statutory revenue sharing payments (\$182.3 million counties and \$24.0 million cities, villages, and townships); county funding will be replaced with newly-created County Revenue Sharing Reserve Funds. Funding for Payments in Lieu of Taxes (PILT) will remain in DNR budget and be funded with 50% restricted and 50% GF/GP.	Restricted	651,636,900	(206,336,900)
13. County Revenue Sharing	Gross	N/A	\$17,868,500
Includes new County Revenue Sharing line item funded at \$17.9 million to be reimbursed to the state by counties.	Local	N/A	17,868,500
DEBT SERVICE			
14. Debt Service	Gross	\$56,286,400	\$25,164,000
(a) Adds \$22.2 million gross and \$12.2 million GF/GP for required debt service payments on Quality of Life bond; reflects a fund source shift of \$10.9 million from GF/GP to state restricted Cleanup and Redevelopment Funds.	Restricted	878,000	38,123,800
(b) Adds \$3.1 million gross and GF/GP for required debt service payments on Clean Michigan Initiative bond.	GF/GP	\$55,408,400	(\$12,959,800)
(c) Reduces funding by \$100,000 gross and GF/GP for payments on Water Pollution Control bond.			
(d) Eliminates \$28.1 million GF/GP used for debt service payments for Quality of Life and Clean Michigan Initiative bonds and replaces with Refined Petroleum Fund revenue.			
GRANTS			
15. Grants	Gross	\$128,935,000	(\$1,814,700)
(a) Eliminates \$7.0 million appropriation for Grants to Local Units of Government to reimburse for conducting personal property tax assessments of businesses.	Restricted	98,000,000	8,000,000
(b) Eliminates \$42,700 GF/GP for reimbursement payments made to the City of Benton Harbor for lost property tax revenue associated with an enterprise zone, as the ten-year commitment has been completed.	GF/GP	\$30,935,000	(\$9,814,700)
(c) Includes \$5.5 million gross for Convention Facility Development Distribution based on revenue collections.			
(d) Includes \$2.5 million gross for Commercial Mobile Radio Service Payments for 911 telephone emergency programs in local communities.			
(e) Includes \$1.2 million GF/GP for Senior Citizen Cooperative Housing Tax Exemption Program.			
(f) Includes \$328,000 GF/GP for Renaissance Zone Reimbursement payments made to libraries for lost property tax revenue associated with renaissance zones.			
(g) Removes \$3.2 million GF/GP from Qualified Agricultural Loan payment program based on a federal grant pay down provision included in loan agreements.			
(h) Reduces Special Grants line item, expended on cities that have an emergency financial manager appointed to them, by \$1.1 million GF/GP.			

Major Boilerplate Changes from FY 2003-04

Contingency Funds – NOT INCLUDED

Appropriates federal, state restricted, local, and private contingency funding that can be expended only upon legislative transfer to a specific line item.

Defaulted Student Loan Collections – DELETED

Requires Department to explore feasibility of donated services in lieu of repayment when it is unable to collect defaulted student loans and to report on implementation status of this section.

Loans to Local Units of Government – DELETED

Authorizes State Treasurer to make loans to local units of government from the state's Common Cash Fund to implement local government infrastructure and private facility projects and specifies terms of these loans.

Appropriation of Tobacco Revenue – DELETED

Appropriates all revenues collected pursuant to Tobacco Products Tax Act to the Health and Safety Fund for distribution.

Sec. 907. Assessor Certification and Training Fees – MODIFIED

Authorizes Department to use Assessor Certification and Training Fund to operate Property Assessor Certification and Training program, assesses fees to cover expenses incurred in offering programs be paid by participants, requires fees collected be credited to Assessor Certification and Training Fund, and increases fees as follows: examination fees from \$25 to \$50, initial certification fees from \$35 to \$50, and annual renewal fees from \$50 to \$75 for levels 1 and 2 and from \$95 to \$125 for levels 3 and 4.

Sec. 939. Pension Fund Investments – NEW

Specifies legislative intent that the State Treasurer give consideration to investments in early-stage, university-derived life science companies located in Michigan, or investments in venture capital funds that invest in those companies.

Sec. 940. Personal Property Tax Auditors – NEW

Requires state classified civil service employees or contractors under Department's supervision be hired to perform personal property tax audits.

Sec. 952. Restoration of Revenue Sharing – NEW

Requires appropriations for special grants to cities to be used to restore revenue sharing reductions contained in EO 2003-23 to cities which had an emergency financial manager appointed to them.

Sec. 953. County Restricted Reserve Accounts – NEW

Requires county revenue sharing payments be distributed on a one-time basis to counties with a fiscal year ending September 30. Counties that accrue the October 2003 revenue sharing payment to their 2003 fiscal year will receive a payment in October 2004 equal to the amount distributed in October 2003. The state is to be reimbursed from the counties' revenue sharing reserve funds by March 1, 2005.

Sec. 955. County Revenue Sharing Payments – NEW

Appropriates to counties amounts pursuant to Glenn Steil State Revenue Sharing Act adjusted by inflation rate and reduced by amount each county is authorized to annually expend in county's fiscal year from its revenue sharing reserve fund.

Sec. 962. Sports Figures in Lottery Advertising (NASCAR) – MODIFIED

Prohibits funding from being used for associating professional or amateur athletes with lottery or its products, but authorizes Bureau of State Lottery to use NASCAR drivers in conjunction with promotion of instant ticket products and requires a report which details revenue generated, cost of obtaining the use of drivers, administrative costs, and net revenue deposited into the state School Aid Fund.

Sec. 963. FIA Bridge Cards – NEW

Requires Bureau of State Lottery to notify lottery retailers that FIA bridge cards are not to be used to purchase lottery tickets.

**FY 2004-05
Budget Detail
for
HUMAN SERVICES**

**Community Health
Corrections
Family Independence Agency**

**Summary: Enacted Appropriations
COMMUNITY HEALTH
FY 2004-05 Senate Bill 1063
Public Act 349 of 2004**

Analysts: Margaret Alston, Bill Fairgrieve, Sue Frey

	FY 2003-04 YTD (as of 2/12/04)	Revised Executive	Senate	House	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$69,204,800	\$70,543,400	\$70,543,400	\$70,543,500	\$70,037,000	\$832,200	1.2
Federal	5,380,898,600	5,255,049,100	5,267,506,300	5,277,363,400	5,502,478,700	121,580,100	2.3
Local	812,256,100	459,179,500	456,096,500	456,029,400	523,452,400	(288,803,700)	(35.6)
Private	57,844,000	54,976,400	54,976,400	55,476,400	55,476,400	(2,367,600)	(4.1)
Restricted	738,112,300	1,437,104,000	920,404,000	1,409,389,300	1,463,844,700	725,732,400	98.3
GF/GP	2,652,980,300	2,476,078,800	2,974,148,800	2,465,986,500	2,557,910,600	(95,069,700)	(3.6)
Gross	\$9,711,296,100	\$9,752,931,200	\$9,743,675,400	\$9,734,788,500	\$10,173,199,800	\$461,903,700	4.8
FTEs	4,388.3	4,680.0	5,083.7	5,101.6	5,118.6	730.3	16.6

Note: FY 2003-04 YTD figures do not include the results of any supplementals or Executive Order actions that occurred after February 12, 2004. Revised Executive figures as of February 24, 2004.

Overview

The Department of Community Health (DCH) budget provides funding for a wide range of mental health, substance abuse, public health, and medical services programs including Medicaid. Established in 1996, the Department also includes the Office of Drug Control Policy, the Office of Services to the Aging, and the Crime Victim Services Commission. Executive Order (EO) 2003-18 transfers the Bureau of Health Systems from the former Department of Consumer and Industry Services to DCH.

Major Budget Changes from FY 2003-04 YTD Appropriations

1. Economic Adjustments

Includes \$55.1 million gross (\$21.8 million GF/GP) for economic adjustments related to employees' salaries and wages, insurance, retirement, and rent and building occupancy charges, with technical adjustments to the Executive Recommendation. Adjustment is partially offset by unspecified employee-related reductions of \$16.7 million gross (\$6.8 million GF/GP).

	FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
Gross	N/A	\$38,333,000
IDG	N/A	5,008,200
Federal	N/A	7,171,900
Restricted	N/A	2,320,800
Local	N/A	8,855,100
GF/GP	N/A	\$14,977,000

2. Human Resources Optimization Savings

Recognizes savings of \$262,300 by consolidating Human Resources functions into a Call Center to be established within the Department of Civil Service.

Gross	\$1,379,900	(\$262,300)
Federal	0	(61,500)
CMHSP	0	(67,000)
GF/GP	\$1,379,900	(\$133,800)

COMMUNITY HEALTH

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
3. Actuarially Sound Rates for Medicaid Mental Health and Substance Abuse Services	Gross	\$1,400,414,800	\$29,314,300
Allocates \$29.3 million gross (\$12.7 million GF/GP) for Medicaid Mental Health and Substance Abuse Services to comply with a federal requirement for actuarially sound Medicaid capitation rates as a condition for renewal of Michigan's federal Medicaid managed care waiver. Payment rates for Medicaid Mental Health and Substance Abuse Services would be increased by 2.5% and 3.0%, respectively. Department is seeking federal approval to implement the actuarially sound rate requirement over two years.	Federal	813,069,300	16,624,100
	Local	26,000,000	0
	GF/GP	\$561,345,500	\$12,690,200
4. Quality Assurance Assessment Program for Group Home Beds	Gross	\$1,372,625,900	\$0
Replaces GF/GP with restricted for Medicaid Mental Health Services anticipating approval of legislation that would provide for a new quality assurance assessment program for group home beds for persons who are developmentally disabled. Department would be allowed to retain \$3.5 million of the projected additional revenue of \$7.0 million.	Federal	796,933,300	0
	Local	26,000,000	0
	Restricted	0	3,500,000
	GF/GP	\$549,692,600	(\$3,500,000)
5. Multicultural Services	Gross	\$3,663,800	\$1,300,000
Increases funding for multicultural services by \$1.3 million for ACCESS, Arab American and Chaldean Council, and Jewish Federation.	GF/GP	\$3,663,800	\$1,300,000
6. Health Regulatory Systems	Gross	\$0	\$37,954,700
Includes \$38.0 million gross (\$5.4 million GF/GP) for Health Regulatory Systems transferred from the former Consumer and Industry Services under EO 2003-18. Personnel for Health Regulatory Systems administer programs involved with licensing, certification, and regulation of health professions and facilities.	Federal	0	13,481,800
	Restricted	0	19,082,100
	GF/GP	\$0	\$5,390,800
7. Vital Records Fee Increase	Gross	\$4,289,000	\$0
Replaces \$1.5 million GF/GP with fee revenue to fully support the state vital records system with state restricted fees and federal funds. An amendment to the Public Health Code is required to increase state vital records fees.	Restricted	2,796,200	1,492,800
	GF/GP	\$1,492,800	(\$1,492,800)
8. Healthy Michigan Fund Disease Prevention Initiatives	Gross	\$56,617,100	(\$13,217,100)
Reduces Healthy Michigan funding to Medicaid services by \$25.6 million and reallocates \$15.5 million to disease prevention and wellness initiatives, \$3.1 million to current projects and \$12.4 million to new projects.	Restricted	56,617,100	(13,217,100)
9. Morris Hood Wayne State University Diabetes Outreach	Gross	\$250,000	\$150,000
Appropriates \$400,000 of Healthy Michigan Funding for the Morris Hood Wayne State University Diabetes Outreach line item.	Restricted	0	400,000
	GF/GP	\$250,000	(\$250,000)
10. Physician Reimbursement for ER Services	Gross	\$227,166,200	(\$3,465,000)
Lowers the Medicaid payment rate to physicians for hospital emergency room visits from 80% to 70% of Medicare rates.	Federal	125,814,400	(1,965,000)
	GF/GP	\$101,351,800	(\$1,500,000)

Major Budget Changes from FY 2003-04 YTD Appropriations		FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
11. Medicaid Pharmaceutical Services Savings	Gross	\$595,603,300	(\$36,600,100)
Reduces Pharmaceutical Services funding by \$36.6 million gross (\$16.0 million GF/GP) as a result of: lowering the pharmacy dispensing fee from \$3.77 to \$2.50, establishing an optional mail order pharmacy program, and increasing the copayment on brand-name drugs from \$1.00 to \$3.00.	Federal	336,837,800	(20,594,800)
	GF/GP	\$239,865,500	(\$16,005,300)
12. Other Pharmaceutical Services Initiatives	Gross	\$0	(\$4,242,000)
Assumes additional savings of \$5.3 million gross (\$2.3 million GF/GP) from including Medicaid/Medicare dual eligible persons in the new incontinence supply contract and coordination of benefits for persons with other pharmacy benefit coverage. Adds \$1.1 million gross (\$458,000 GF/GP) to raise the dispensing fee for nursing home pharmacies by \$0.25 per script to \$2.75.	Federal	0	(2,405,600)
	GF/GP	\$0	(\$1,836,400)
13. Adult Dental, Podiatric, Chiropractic, and Hearing Aids	Gross	\$0	\$5,820,000
Restores Medicaid funding for podiatric, chiropractic, and limited hearing aid services eliminated in the FY 2003-04 budget. Medicaid coverage for adult dental services is not restored, but \$1.2 million is included to increase payments for dental services provided at local public health departments.	Federal	0	2,620,000
	GF/GP	\$0	\$3,200,000
14. Actuarially Sound Medicaid HMO Payment Rates	Gross	\$1,602,051,500	\$124,047,100
Includes a 7.5% increase in Medicaid HMO rates for federally required actuarially sound payment rates to managed care providers that will be phased in over two years. First year cost is \$124.0 million gross (\$53.7 million GF/GP) for HMOs.	Federal	886,372,400	70,347,100
	Local	299,572,500	0
	Restricted	224,026,100	0
	GF/GP	\$192,080,500	\$53,700,000
15. Graduate Medical Education (GME) Transfer	Gross	N/A	\$0
Maintains funding for graduate medical education payments in the hospital line and does not include \$3.3 million in GF/GP savings from applying the HMO quality assurance assessment to the GME funds.			
16. Medical Services Eligibility and Enrollment	Gross	N/A	(\$32,402,700)
Retains optional Medicaid coverage for parents, caretaker relatives, and persons between 18 and 21 years of age. Assumes a freeze in new enrollments in the Adult Benefits Waiver and EPIC programs.	Federal	N/A	(18,402,700)
	GF/GP	N/A	(\$14,000,000)
17. Disproportionate Share Payments to Hospitals	Gross	\$45,000,000	\$5,000,000
Increases Hospital DSH payments by \$5.0 million to be distributed to hospitals that received less than \$900,000 in DSH payments in FY 2003-04.	Federal	25,150,500	2,835,500
	Restricted	9,700,000	0
	GF/GP	\$10,149,500	\$2,164,500
18. Hospital Disproportionate Share Payment	Gross	N/A	\$33,200,000
Authorizes increased disproportionate share payments above the appropriated level if the necessary Medicaid matching funds are provided as allowable state match.	Federal	N/A	18,800,000
	Restricted	N/A	14,400,000
	GF/GP	N/A	\$0
19. Medicaid Special Financing Payments	Gross	\$791,338,100	\$43,800,000
Appropriates increased Medicaid special financing payments that result in additional GF/GP savings of \$15.8 million above the Executive Recommendation in FY 2004-05.	Federal	442,844,300	24,839,000
	Local	337,754,400	67,423,000
	Restricted	10,739,400	(32,705,700)
	GF/GP	(\$417,415,000)	(\$15,756,300)

COMMUNITY HEALTH

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
20. Medical Expenses Recoupment	Gross	N/A	(\$22,113,000)
Includes \$1.0 million gross (\$0.5 million GF/GP) for additional staff and/or contractual services to increase medical expenses recoupment efforts and assumes savings of \$23.1 million gross (\$8.7 million GF/GP) from various efforts to recover overpayments of Medicaid services.	Federal	N/A	(12,607,400)
	GF/GP	N/A	(\$9,505,600)
21. Medicaid Revenues From Tobacco Taxes	Gross	\$1,375,717,100	\$0
Recognizes \$465.4 million recommended in additional Medicaid Benefits Trust Fund revenue to replace GF/GP from the recently enacted cigarette tax increase of \$0.75 per pack, and from existing cigarette taxes currently earmarked for the Budget Stabilization Fund.	Restricted	38,824,700	465,400,000
	GF/GP	\$1,336,892,400	(\$465,400,000)
22. Tobacco Settlement Revenue Adjustments	Gross	\$2,750,980,30	\$0
Adds \$78.8 million in tobacco settlement revenue from the Merit Award Trust Fund to finance Medicaid base expenditure needs and offset GF/GP funding.	Restricted	98,000,000	78,800,000
	GF/GP	\$2,652,980,300	(\$78,800,000)
23. Quality Assurance Assessment Program (QAAP)	Gross	\$0	\$0
Assumes additional GF/GP savings of \$18.3 million from implementation of the hospital quality assurance assessment program and an increase of \$3.0 million from the nursing home QAAP.	Restricted	18,900,000	21,300,000
	GF/GP	(\$18,900,000)	(\$21,300,000)
24. Information Technology Savings	Gross	N/A	(\$538,900)
Includes \$538,900 savings for information technology (IT) services and projects based on target agreements. These savings are in addition to GF/GP savings of \$1.3 million in the enacted budget for IT services and projects.	GF/GP	N/A	(\$538,900)
25. Executive Budget Revisions	Gross	N/A	\$396,030,000
Increases funding by \$396.0 million gross (\$71.9 million GF/GP) for Executive-proposed budget revisions related to Medicaid caseload growth, HMO savings, retirement actuarial adjustments, and the accrual methodology for year-end salary/fringe benefit costs.	IDG/IDT	N/A	(506,500)
	Federal	N/A	224,153,600
	Tobacco	N/A	4,000,000
	Restricted	N/A	96,500,000
	GF/GP	N/A	\$71,882,900

Major Boilerplate Changes from FY 2003-04

Contingency Funds – NOT INCLUDED

Enacted budget does not include language appropriating federal, state restricted, local, and private contingency funds that can be expended only upon transfer to a specific line item.

Sec. 262. Expenditure of Appropriated Funds – DELETED

Requires Department to provide a written explanation for all legislative transfers upon submission of the request for the legislative transfer by the Department of Management and Budget and requires Department to provide an annual report of lapses by line item for this appropriation act.

Sec. 266. Out-of State Travel – NEW

Limits out-of-state travel to those situations in which it is required by legal mandate, necessary to protect the health or safety of Michigan citizens, necessary to produce budgetary savings or increase state revenues, necessary to comply with federal requirements, necessary to secure specialized training for staff, or financed entirely by federal or nonstate funds, except if travel is granted an exception by the State Budget Director. Also requires the Department to prepare a report listing travel by classified and unclassified employees outside of the state for the preceding fiscal year by January 1, 2005. This section in law is based on target agreements.

Major Boilerplate Changes from FY 2003-04

Budgetary Savings – NOT INCLUDED

Enacted budget does not include proposed new House language that required a budgetary savings amount of \$27.2 million in Part 1 to be implemented through transfers approved by the Legislature pursuant to the Management and Budget Act.

Sec. 308. Primary Care Services – NEW

Allocates \$250,000 to a pilot project to support operation of a health center that serves the uninsured, underinsured, and Medicaid population of Barry County who are currently not being served.

Sec. 450. Audit and Reporting Requirements for CMHSPs – REVISED

Requires Department to continue a Work Group comprised of CMHSPs or Specialty Prepaid Health Plans and departmental staff to recommend strategies to streamline audit and reporting requirements for CMHSPs or specialty prepaid health plans.

Sec. 452. Financial Impact on CMHSPs – NEW

Prohibits retroactive implementation of any policy that results in a negative financial impact on CMHSPs or Prepaid Health Plans.

Sec. 453. Substance Abuse Block Grant Work Group – NEW

Requires Department to share the findings of the federal Substance Abuse Block Grant Work Group with the Senate and House Appropriations Subcommittees on Community Health by December 1, 2004.

Sec. 454. Feasibility Study – VETOED

Appropriates \$50,000 of the Mental Health/Substance Abuse Program Administration line item for a feasibility study for increased coordination and collaboration between community health and human service agencies.

Sec. 650. Fish Consumption Advisory – NEW

Requires the annual fish consumption advisory to be posted on the Internet and made available to clients of the Women, Infants, and Children Nutrition Program (WIC).

Sec. 804. Tetanus and Diphtheria Immunization – NEW

Requires that tetanus and diphtheria immunization be offered annually at the same time that influenza immunization is offered to elderly patients in long-term care facilities.

Sec. 1109. Dental Services Program for the Uninsured – REVISED

Deletes language that requires a Michigan Dental Association report on membership participation with Medicaid as a condition to receiving program funds, as recommended by the Executive.

Sec. 1620. Pharmacy Dispensing Fees and Copayments – REVISED

Reduces the current \$3.77 pharmacy dispensing fee to \$2.50 (\$2.75 for nursing home pharmacies), increases brand-name drug copays to \$3.00, and authorizes an optional mail-order pharmacy program.

Sec. 1630. Medicaid Hearing Aid, Podiatric, and Chiropractic Services – RESTORED

Restores coverage for podiatric and chiropractic services at not less than the level provided on October 1, 1996, but does not include adult dental services. Medicaid hearing aid services are also reinstated with a new provision that allows bulk purchasing and limits on binaural hearing aid benefits as well as the replacement of hearing aids.

Sec. 1630a. Dental Services – NEW

Directs Department to increase payment rates for dental services provided at local health departments.

Sec. 1687. Alzheimer's and Dementia Care – VETOED

Requires Department to contract with a psychiatric facility that provides at least 20% of its care to Medicaid recipients to provide access to specialized Alzheimer's or dementia care; requires a report on the effectiveness of the contract in improving the quality of care to those served.

Sec. 1699. Graduate Medical Education (GME) – REVISED

Requires Department to make GME payments directly to qualifying hospitals rather than through HMOs.

COMMUNITY HEALTH

Major Boilerplate Changes from FY 2003-04

Sec. 1700. Actuarially Sound Capitation Rates – NEW

Directs Department to request a federal Medicaid waiver to implement actuarially sound capitation rates for managed care organizations over two years; requires Medicaid provider rate reductions if the waiver request is denied; requires Department to complete a study by January 2005 of alternative approaches to provide Medicaid health care services to those currently enrolled in HMOs.

Sec. 1711. Medicaid 2-Tier Case Rate for Emergency Services – RETAINED

Continues the 2-tier Medicaid case rate for emergency physician charges, but lowers aggregate payments from 80% of Medicare rates to 70% of Medicare rates.

Sec. 1717. Disproportionate Share Payments to Hospitals (DSH) – NEW

Increases DSH funding by \$5.0 million and requires distribution of the DSH funds through two separate pools. The first pool would distribute \$45.0 million based on the methodology in FY 2003-04. The remaining \$5.0 million would be allocated to hospitals that received less than \$900,000 in DSH payments in FY 2003-04 based on each hospital's Medicaid revenue and utilization.

Sec. 1718. Adult Home Help Review Process – NEW

Authorizes Medicaid adult home help beneficiaries to request a departmental review of any decisions that may adversely affect their access to home help services.

Sec. 1720. Medicare Recovery Program – NEW

Directs Department to enhance its Medicare recovery program by January 1, 2005.

Sec. 1721. Medicaid Financial Eligibility For Long-Term Care Patients – NEW

Requires a review of Medicaid eligibility requirements for long-term care patients related to prepaid funds that are subsequently returned to individuals who qualify for Medicaid.

Sec. 1722. Medicaid Disproportionate Share Payment – NEW

Authorizes increased disproportionate share payments above the appropriated level if the necessary Medicaid matching funds are provided as allowable state match.

Sec. 1723. First Alert Response Program – NEW

Makes a contingent appropriation, based on availability of funds, of \$15.0 million to level 1 trauma centers for a First Alert Response Program, and \$5.0 million for hospitals at least 50 miles from level 1 trauma centers that also have at least 14,000 emergency room visits per year.

**Summary: Enacted Appropriations
CORRECTIONS
FY 2004-05 Senate Bill 1064
Public Act 345 of 2004**

Analyst: Marilyn B. Peterson

	FY 2003-04 YTD (as of 2/12/04)	Executive	Senate	House	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$3,253,600	\$3,364,200	\$3,364,200	\$3,364,200	\$3,364,200	\$110,600	3.4
Federal	27,798,400	9,808,000	9,808,000	7,788,100	8,188,100	(19,610,300)	(70.5)
Local	391,100	393,600	393,600	393,600	393,600	2,500	0.6
Private	0	0	0	0	0	0	0.0
Restricted	65,057,100	68,090,600	68,090,600	65,090,100	66,075,600	1,018,500	1.6
GF/GP	1,609,272,281	1,728,409,000	1,722,962,500	1,711,070,300	1,708,161,100	98,888,819	6.1
Gross	\$1,705,772,481	\$1,810,065,400	\$1,804,618,900	\$1,787,706,300	\$1,786,182,600	\$80,410,119	4.7
FTEs	18,312.7	17,804.6	17,804.6	17,804.6	17,769.8	(542.9)	(3.0)

Note: FY 2003-04 figures do not include the results of any supplementals or Executive Order actions that occurred after February 12, 2004.

Overview

The budget for the Department of Corrections (MDOC) funds the state prison system, supervision of parolees and felony probationers, community placement of selected prisoners, and a variety of offender programs, most notably treatment and education. It also funds training of corrections officers and centralized functions of administration, research, and financial operations. Prison construction, however, is not funded through the MDOC budget, but rather through Capital Outlay.

Over the past two decades, prison population, inflation-adjusted Corrections GF/GP spending, and Corrections' share of total state GF/GP all have more than tripled. Over the course of 2003, however, prison population declined by about 570, to 48,887 prisoners as of December 31, 2003. Over the same period, the combined parole and probation caseload increased by over 1,420, to 72,620 offenders. Total MDOC supervised population at year's end was 121,977.

Major Budget Changes from FY 2003-04 YTD Appropriations	FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
PRISON AND CAMP OPERATIONS		
1. Jackson Beds Full-Year Funding	Beds	0 480
Provides full-year funding for various beds in former Jackson Maximum Correctional Facility, currently attached to Egeler Correctional Facility. <u>For 7-Block</u> : adds 39.2 FTEs and \$9.3 million for 485 beds currently receiving partial-year funding. <u>For A and B Units</u> : adds full-year funding costs for 240 beds in A-Unit and partial-year funding costs for 240 B-Unit beds opening in early 2005.	FTEs	0.0 97.4
	Gross	\$0 \$14,378,200
	GF/GP	\$0 \$14,378,200

CORRECTIONS

Major Budget Changes from FY 2003-04 YTD Appropriations		FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
2. Close Western Wayne, Re-fit Huron Valley Facilities			
Assumes closure of <u>Western Wayne Correctional Facility</u> , a women's prison in Plymouth; associated funding, beds, and FTEs (\$24.7 million GF/GP, 778 beds, 299.5 FTEs) transferred to Inmate Housing Fund line item. <u>Huron Valley Center</u> , formerly a women's prison and now a correctional psychiatric facility, to be re-converted to house female prisoners; no associated changes to that line item. Adjacent <u>Huron Valley Correctional Facility</u> , a Level IV men's prison, to be converted to psychiatric facility; funding associated with mental health treatment program retained and transferred to Inmate Housing Fund, remainder of funding eliminated. Huron Valley prisoners to be dispersed through the system, including to Oaks Correctional Facility (see below).	Beds	N/A	(310)
	FTEs	N/A	(279.2)
	Gross	N/A	(\$20,501,600)
	Restricted	N/A	(29,400)
	GF/GP	N/A	(\$20,472,200)
3. Convert Oaks Maximum to Double-Bunked Level IV			
Reflects conversion of Oaks Maximum, a Level V prison in Eastlake, to double-bunked Level IV. Conversion of 316 Level V beds undertaken (but unfunded) in current fiscal year; additional 96 administrative segregation beds to be converted in August 2005.	Beds	900	412
	FTEs	378.6	1.2
	Gross	\$29,565,400	\$1,845,700
	Restricted	559,100	0
	GF/GP	\$29,506,300	\$1,845,700
4. Convert Ionia Maximum Units to Level V			
Reflects elimination of Level VI custody level.	Beds	636	31
	FTEs	359.6	(18.0)
	Gross	\$26,733,700	(\$1,087,000)
	Restricted	23,000	0
	GF/GP	\$26,710,700	(\$1,087,000)
5. Postpone Macomb Drop-in Unit			
Eliminates current-year's full-year funding for 240-bed Level IV drop-in unit at Macomb Correctional Facility in New Haven. Opening of unit postponed until at least FY 2005-06.	Beds	240	(240)
	FTEs	39.0	(39.0)
	Gross	\$3,613,200	(\$3,613,200)
	GF/GP	\$3,613,200	\$3,613,200
6. Camps Lehman and Tuscola			
Provides partial-year funding for 200 beds to reopen at Camp Lehman in March 2005; 22.5 FTEs, \$1.6 million. Provides partial-year funding for reopening the 100-bed Camp Tuscola annex (closed in the current fiscal year under Executive Order [EO] 2003-23) in June 2005; 14.0 FTEs, \$333,300. (No FY 2004-05 FTE adjustment shown for Camp Tuscola, which has 14.0 FTEs; although the annex was closed and funding eliminated under EO, the EO reduced funding only. Technically, the 14.0 FTEs remain part of the authorization for FY 2003-04.)	Beds	N/A	300
	FTEs	N/A	22.5
	Gross	N/A	\$1,885,600
	GF/GP	N/A	\$1,885,600
7. Scott Correctional Facility			
Provides full-year costs of additional 23 beds at Scott Correctional Facility (in Plymouth).	Beds	N/A	23
	FTEs	N/A	5.2
	Gross	N/A	\$489,500
	GF/GP	N/A	\$489,500
8. Youth Correctional Facility – Contract Adjustments and Federal Funds Replacement			
Includes combined reductions of \$529,400 to lease and operational line items, based on contract adjustments. Adds GF/GP to replace federal lost due to depletion of federal grant.	Beds	480	0
	FTEs	1.0	0.0
	Gross	\$19,360,000	(\$529,400)
	Federal	18,089,400	(18,089,400)
	GF/GP	\$1,270,600	\$17,560,000
9. Custody Staffing Reduction			
Eliminates 242.4 custody FTEs (which may include guard tower positions) at 25 facilities through utilization of improved security technology.	FTEs	N/A	(242.4)
	Gross	N/A	(\$14,922,000)
	GF/GP	N/A	(\$14,922,000)

Major Budget Changes from FY 2003-04 YTD Appropriations		FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
10. Equipment and Special Maintenance	Gross	\$2,054,000	(\$386,800)
Adds \$2.1 million for purchase and installation of security technology improvements; reduces line by \$2.5 million. Affected projects instead to be funded through capital outlay.	GF/GP	\$2,054,000	(\$386,800)
11. Prisoner Transportation	FTEs	N/A	(21.8)
Assumes total of \$3.4 million savings through improved efficiency in prisoner transportation.	Gross	N/A	(\$3,413,100)
	GF/GP	N/A	(\$3,413,000)
12. Close Wing Farm	Beds	N/A	(70)
Eliminates funding for Wing Farm, a Level I unit assigned to Parnall Correctional Facility.	FTEs	N/A	(5.8)
	Gross	N/A	(\$1,025,100)
	GF/GP	N/A	(\$1,025,100)
13. Eliminate Funding for Closed Michigan Reformatory	FTEs	N/A	(18.0)
Eliminates funding for the closed Michigan Reformatory, in Ionia; \$813,000 and 18.0 FTEs eliminated from the Inmate Housing Fund. Reformatory-related funding in DOJ consent decree line transferred to Bellamy Creek Correctional Facility (\$3.2 million and 54.7 FTEs).	Gross	N/A	(\$813,000)
	GF/GP	N/A	(\$813,000)
14. Prisoner Education	FTEs	424.5	0.0
Reduces funding for academic and vocational programs by \$1.0 million.	Gross	\$31,679,800	(\$1,000,000)
	GF/GP	\$31,679,800	(\$1,000,000)
OFFENDER HEALTH CARE AND TREATMENT			
15. Hepatitis C Testing and Treatment	Gross	N/A	\$1,150,000
Includes six-month funding for new line item for Hepatitis C testing and treatment.	GF/GP	N/A	\$1,150,000
16. Pharmaceutical Costs	Gross	N/A	(\$2,667,600)
Assumes savings of \$3.6 million through vendor pass-through savings and enactment of legislation to permit certain medications to be re-dispensed, and \$1.0 million through revision of formulary, offset by \$1.9 million increase in funding for pharmaceuticals other than those used to treat Hepatitis C.	GF/GP	N/A	(\$2,667,600)
17. Substance Abuse Testing and Treatment	Gross	\$20,070,800	(\$2,370,300)
Reduces gross and GF/GP by \$750,400, recognizes loss of approximately \$2.0 million in federal Residential Substance Abuse Treatment (RSAT) funding, coupled with \$400,000 increase in federal Byrne grant funds.	Federal	2,349,300	(1,619,900)
	GF/GP	\$17,721,500	(\$750,400)
18. Mental Health Program and Custody Staff	Gross	N/A	(\$4,118,500)
Assumes savings of \$2.6 million with changes in mental health residential psychiatric program featuring a less-expensive partial hospitalization as transitional placement between hospitalization (currently at Huron Valley Center) and the residential treatment program (residential psychiatric units located in various prisons). Reductions of \$1.0 million mental health services and \$500,000 associated MDOC staffing, based on historical spending and assumed change in staffing patterns during changeovers at Huron Valley Center and Huron Valley Men's Facility.	GF/GP	N/A	(\$4,118,500)

CORRECTIONS

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>	<u>FY 2003-04 YTD (as of 2/12/04)</u>	<u>Enacted Change from YTD</u>	
ALTERNATIVES TO PRISON INCARCERATION			
19. Female Offender Reintegration Program	Gross	N/A	\$3,517,900
Provides full funding at \$61 per bed per day for proposed expansion to 158 beds. To reduce need for more women's beds, Department instituted 44-bed reintegration program for female parolees in FY 2003-04, thus removing barriers to parole due to lack of appropriate housing and programming for women.	GF/GP	N/A	\$3,517,900
20. Local Programs	Gross	\$2,451,000	\$399,700
Increases funding for local programs. Two new local programs aimed at providing additional resources for local sanctions of comparatively low-level felons: a \$400,000 treatment program and a \$1.6 million jail program. Also provides \$831,400 increase to existing probation residential program. Simultaneous elimination of \$2.5 million Local Facility Housing Program, established in FY 2003-04 to reimburse local units of government for housing state prisoners if needed.	Restricted	2,451,000	399,700
21. Parole and Probation Agents	FTEs	N/A	31.0
Adds 31 parole and probation agents to help with increasing caseloads.	Gross	N/A	\$2,251,900
	GF/GP	N/A	\$2,251,900
22. Closures and Consolidations	FTEs	N/A	(29.0)
Recognizes closure of Kalamazoo Center (\$283,500 gross, \$268,500 GF/GP) and of Gilman Technical Rule Violator (TRV) Center (savings offset by expansion of Lake County TRV for net savings of 27.0 FTEs and \$1.3 million gross and GF/GP), and consolidation of boot camp at Camp Cassidy Lake with Cooper Street Correctional Facility (saving 2.0 FTEs and \$190,000).	Gross	N/A	(\$1,760,100)
	Restricted	N/A	(15,000)
	GF/GP	N/A	(\$1,745,100)
MISCELLANEOUS ADMINISTRATIVE AND PERSONNEL			
23. Worker's Compensation	Gross	\$24,126,100	(\$1,300,000)
Reduces funding for worker's compensation to reflect recent spending patterns.	GF/GP	\$24,126,100	(\$1,300,000)
24. Training	Gross	\$3,000,000	\$308,800
Provides funding for training about 225 new correctional officers in FY 2004-05.	GF/GP	\$3,000,000	\$308,800
25. Hadix Consent Decree	Gross	\$10,784,000	(\$2,000,000)
Reduces funding for Hadix consent decree line item by \$2.0 million to better align appropriation with historical spending.	GF/GP	\$10,784,000	(\$2,000,000)
26. Statewide Consolidation of Human Resources	FTEs	N/A	(44.0)
Includes savings attributable to statewide centralization of human resources functions.	Gross	N/A	(\$386,700)
	GF/GP	N/A	(\$386,700)
27. Department of Information Technology (DIT)	Gross	\$12,388,800	\$1,767,300
Includes reduction of \$247,900, plus various other adjustments: \$1.5 million for prisoner time computation module, \$720,000 for miscellaneous adjustments, \$102,000 for desktop rate adjustment, (\$306,800) for statewide reduction initiative, and \$500,000 fund shift from GF/GP to parole/probation oversight fee set-aside revenue.	Restricted	9,000	500,000
	GF/GP	\$2,229,300	\$1,267,300
28. Step Increases	Gross	N/A	\$12,092,300
Increases appropriations at 12 facilities needing additional funding due to increasing seniority of staff.	GF/GP	N/A	\$12,092,300

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		<u>FY 2003-04 YTD (as of 2/12/04)</u>	<u>Enacted Change from YTD</u>
29. Executive Revision - Payroll and Actuarial Adjustments	Gross	N/A	(\$10,990,500)
Assumes savings to be gained through change in method for allocating year-end payroll costs between fiscal years (\$4.8 million) and due to lowered retirement needs according to recent actuarial experience study (\$6.2 million).	GF/GP	N/A	(\$10,990,500)
30. Employee-Related Savings	Gross	N/A	(\$46,342,500)
Incorporates unspecified savings applied to lines funding FTEs and totaling \$46.3 million gross, \$45.1 million GF/GP.	Federal	N/A	(42,300)
	Local	N/A	(7,400)
	Restricted	N/A	(1,236,800)
	GF/GP	N/A	(\$45,056,000)
31. Economic Adjustments	Gross	N/A	\$154,770,100
Includes economic adjustments for:	Federal	N/A	141,300
Salaries and wages (\$61.6 million gross, \$59.9 million GF/GP),	Local	N/A	21,700
Insurances (\$21.2 million gross, \$20.6 million GF/GP),	Restricted	N/A	4,179,900
Retirement (\$75.0 million gross, \$72.9 million GF/GP),	GF/GP	N/A	\$150,427,200
Workers' compensation (\$2.5 million gross and GF/GP), and			
Building occupancy charges (\$515,100 gross and GF/GP).			

Major Boilerplate Changes from FY 2003-04

Contingency Funds – NOT INCLUDED

Enacted budget does not include language appropriating federal, state restricted, local, and private contingency funds that can be expended only upon legislative transfer to a specific line item.

Sec. 219. Implementation of Employee-Related Savings – NEW

Requires Department to provide detailed plan on how it will implement reductions to compensate for employee-related savings.

Sec. 220. Transportation Savings – NEW

Specifies that the negative appropriation for transportation savings is to be satisfied by savings realized from efficiencies in prisoner transportation in addition to those proposed in the Executive Recommendation, and that necessary adjustments in appropriation authorizations are to be effected through legislative transfers.

Sec. 221. Travel Expenditures – NEW

Adds language restricting employee travel outside of the State of Michigan.

Sec. 601. Parole and Probation Agent Workloads – NEW

Requires study and recommendations regarding field agent workloads and caseloads.

Sec. 607. Parole and Probation Agent Personal Information – NEW

Urges Department to develop and implement procedures by which supervised offenders can timely contact their parole or probation agents without having to have access to agents' home telephone numbers or other personal information.

Sec. 706. County Jail Reimbursement Program – REVISED

Eliminates provisions for reimbursement for jailing of felons sentenced for crimes committed before January 1, 1999 (the effective date of sentencing guidelines).

Sec. 707. Local Facility Housing Program – DELETED

States purpose of appropriation for Local Facility Housing Program, a \$2.5 million program established in current fiscal year to reimburse local units for housing state prisoners if needed.

Sec. 708. Probation Detention Center – DELETED

Allocates a portion of probation residential center funds and specifies conditions of operation for a probation detention center in Detroit.

CORRECTIONS

Major Boilerplate Changes from FY 2003-04

Sec. 909. Prisoner Medications – NEW

Requires that all medications be transported with prisoner upon his or her transfer from one correctional facility to another.

Sec. 910. Prisoners' Retirement Benefits – NEW

Requires Department to attempt to collect reimbursement from health insurance providers for health care of prisoners who have retirement health benefits, and to report to Legislature on its efforts.

Sec. 1011. Braille Transcription Program – NEW

Requires Department to maintain the Michigan Braille transcribing service at its current location in the Jackson complex.

**Summary: Enacted Appropriations
FAMILY INDEPENDENCE AGENCY
FY 2004-05 House Bill 5516
Public Act 344 of 2004**

Analyst: Richard Child

	FY 2003-04 YTD (as of 2/12/04)				FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
		Executive	House	Senate		Amount	%
IDG/IDT	\$1,055,800	\$1,084,400	\$1,084,400	\$1,084,400	\$1,084,400	\$28,600	2.7
Federal	2,709,978,450	3,017,695,900	3,016,323,300	3,020,670,600	3,028,126,600	318,148,150	11.7
Local	61,819,100	75,535,700	76,743,800	77,170,700	73,326,100	11,507,000	18.6
Private	9,472,150	9,757,600	9,757,600	9,757,600	9,757,600	285,450	3.0
Restricted	70,096,800	70,321,400	70,321,400	69,549,200	69,549,200	(547,600)	(0.8)
GF/GP	1,100,979,000	1,130,526,900	1,130,449,900	1,128,491,200	1,109,682,800	8,703,800	0.8
Gross	\$3,953,401,300	\$4,304,921,900	\$4,304,680,400	\$4,306,723,700	\$4,291,526,700	338,125,400	8.6
FTEs	10,774.6	10,590.1	10,305.0	10,303.0	10,302.0	(472.6)	(4.4)

Note: FY 2003-04 YTD figures do not include the results of any supplementals or Executive Order actions that occurred after February 12, 2004.

Overview

The Family Independence Agency (FIA) budget provides funding for a wide range of programs and services to help improve the quality of life in Michigan by protecting children and vulnerable adults, delivering juvenile justice services, and providing support to strengthen families and individuals striving for independence.

Major Budget Changes from FY 2003-04 YTD Appropriations

1. Food Stamp (Food Assistance) Program

Adds \$126.9 million for federal waiver that extends benefits for 75,000 childless adults; also provides \$139.5 million for caseload spending increases.

	FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
Gross	\$833,011,200	\$266,418,100
Federal	833,011,200	266,418,100

2. Day Care Services

Includes \$19.7 million increase to cover projected caseload spending, increases allocation by \$2.5 million (to a total of \$5.0 million) for a statewide Before- and After-School Program, recognizes \$15.0 million in potential savings due to increased fraud detection and improved processes, and includes \$2.3 million GF/GP savings due to fund shift. Projected average annual caseload is 70,500, up 2,514 from FY 2003-04 budgeted caseload.

	FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
Gross	\$484,244,000	\$7,428,000
Federal	296,499,800	9,782,300
GF/GP	\$187,744,200	(\$2,354,300)

FAMILY INDEPENDENCE AGENCY

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>	FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
3. Family Independence Program	Gross	\$369,339,600
Increases funding by \$17.3 million: \$1.7 million savings to a projected spending level of \$1.0 million for the Kinship Care Pilot, \$2.1 million TANF increase to raise the clothing allowance to include eligible children as defined by FIA, and \$16.9 million TANF increase to cover projected caseload spending. Projected average annual caseload is 77,000, up 2,935 from FY 2003-04 budgeted caseload. Includes \$3.0 million fund shift from GF/GP to TANF.	Federal	\$17,302,500
	Restricted	20,315,000
	GF/GP	0
		(\$3,012,500)
4. Adoption Subsidy Program	Gross	\$220,859,900
Allows for projected average annual caseload of 25,300, down 754 from the FY 2003-04 budgeted caseload.	Federal	(\$1,798,400)
	GF/GP	1,216,800
		(\$3,015,200)
5. Foster Care Payments	Gross	\$214,571,400
Includes net increase of \$10.8 million gross (\$5.2 million GF/GP): \$2.6 million gross (\$1.2 million GF/GP) savings from elimination of the Wayne County Foster Care Permanency Pilot, \$8.3 million gross (\$5.3 million GF/GP) to cover projected increase in caseload spending, \$4.6 million gross (\$1.8 million GF/GP) for a 3% annual rate increase to child placing agencies and residential treatment facilities, and \$2.8 million gross (\$1.1 million GF/GP) for a 1% rate increase to foster and adoptive parents. Projected average annual caseload is 11,500, up 568 from FY 2003-04 budgeted caseload.	Federal	\$10,792,700
	Local	(4,912,700)
	Private	10,467,900
	GF/GP	0
		\$5,237,500
6. State Disability Assistance Program	Gross	\$28,745,100
Assumes 1,500 average annual caseload increase to 11,400, and cost per case of \$254.	Federal	\$6,003,600
	Restricted	(3,326,500)
	GF/GP	0
		\$9,330,100
7. Child Care Fund	Gross	\$168,837,900
Provides net increase of \$2.5 million, adding \$5.0 million federal Title IV-E funds related to Wayne County claims to cover \$2.5 million in projected spending need and replacing \$12.0 million GF/GP with TANF within the Child Care Fund.	Federal	\$2,500,000
	GF/GP	17,000,000
		(\$14,500,000)
8. Child Support Enforcement System Automation	Gross	\$68,000,000
Recognizes \$12.0 million savings to reflect projected FY 2004-05 spending level of \$56.0 million.	Federal	(\$12,000,000)
	Restricted	(9,240,000)
	GF/GP	0
		(\$2,760,000)
9. Juvenile Justice Operations	Gross	\$62,798,900
Cuts 20% of the funds available for reintegration contracts to reduce funding by \$660,000 gross (\$330,000 GF/GP), and closes the Sequoyah Center within W. J. Maxey Training School to save \$1.1 million gross (\$557,600 GF/GP).	Federal	\$1,775,200
	Private	0
	Local	0
	GF/GP	(887,600)
		(\$887,600)
10. Program Transfer From DLEG From EO 2003-18	Gross	\$0
Transfers new appropriation unit to FIA, Office of Children and Adult Licensing, including 219.0 FTEs, from the newly-created Department of Labor and Economic Growth (DLEG).	Federal	\$23,031,700
	Restricted	11,139,300
	GF/GP	0
		590,500
		\$11,301,900
11. Program Transfers To DLEG From EO 2003-18	Gross	\$18,570,900
Transfers Commission for the Blind, Commission on Disability Concerns, and Youth Low Vision Program, including 101.0 FTEs, out of FIA to DLEG.	Federal	(\$18,570,900)
	Private	(13,635,000)
	Local	(120,700)
	Restricted	(75,000)
	GF/GP	(477,300)
		(\$4,262,900)

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
12. Employee-Related Economic Increases	Gross	\$0	\$63,532,300
Includes employee-related economics based on 3% salary increase for FY 2003-04 and 4% for FY 2004-05 plus funding for increased insurance and retirement costs. See partial offset in Budgetary Savings below.	IDG	0	42,500
	Federal	0	37,611,000
	Private	0	489,100
	Local	0	2,740,900
	Restricted	0	135,300
	GF/GP	\$0	\$22,513,500
13. Employee-Related Budgetary Savings	Gross	\$0	(\$24,173,900)
Anticipates savings equal to 5% of employee compensation from sources not yet defined. Some form of continued salary and wage concessions is being considered.	IDG	0	(13,900)
	Federal	0	(14,791,750)
	Private	0	(82,950)
	Local	0	(739,200)
	Restricted	0	(23,900)
	GF/GP	\$0	(\$8,522,200)
14. Employment and Training Support Services	Gross	\$19,739,100	(\$2,460,000)
Revives individual development account (IDA) program with \$200,000 TANF, and adds \$200,000 TANF for Fatherhood Initiative Program and \$250,000 TANF for Marriage Initiative Program. Transfers out \$3.1 million federal due to lower-than-expected spending in this line.	Federal	18,964,000	(2,460,000)
	GF/GP	\$775,100	\$0
15. Community Services Block Grant	Gross	\$24,350,000	\$3,732,700
Appropriates an additional \$500,000 TANF and \$3.2 million in other federal funds for Community Action Agencies, and encourages agencies to expand Earned Income Tax Credit (EITC) education programs.	Federal	24,350,000	3,732,700

Major Boilerplate Changes from FY 2003-04

GENERAL SECTIONS

Sec. 217. Out-of-State Travel Freeze – NEW

Freezes out-of-state travel except under specific conditions and requires report to Legislature.

Sec. 261. Local Office Restructuring – MODIFIED

Adds requirement that Department implement a five-year plan in every county, in conjunction with the county FIA Boards of Directors and Department of Management and Budget, to restructure local offices, and provide a report on the plan by February 1, 2005. Allocates up to 25% of the savings to each county that generates savings to fund additional prevention services.

Sec. 275. Prohibits Use of Funds for Billboard Advertising – DELETED

Prohibits Department from using funds for billboard advertising unless required in state or federal regulation.

Sec. 278. Private Consulting Firms to Evaluate Efficiency – NEW

Requires FIA to contract with private consulting firms to evaluate maximization of federal funds, child day care program efficiency and savings, and improved local and central office management efficiency. Requires contingent fee arrangement with contractor working for a negotiated percentage of the savings, and a report on recommendations as part of the annual budget presentation.

EXECUTIVE OPERATIONS

Sec. 303. Additional Inspector General Agents – NEW

Appropriates up to \$136,700 to add two Inspector General agents dedicated to fraud detection in child day care.

FAMILY INDEPENDENCE AGENCY

Major Boilerplate Changes from FY 2003-04

Sec. 304. School-Based Crisis Intervention Project – NEW

Allocates \$78,500 TANF to fund a school-based crisis intervention demonstration project in Pontiac intended to help at-risk youth remain in school.

FAMILY INDEPENDENCE SERVICES ADMINISTRATION

Sec. 414. Community Action Agencies – MODIFIED

Allocates an additional \$1.0 million TANF; adds language encouraging agencies to expand Earned Income Tax Credit (EITC) education programs.

Sec. 415. Fatherhood Initiative – NEW

Provides \$200,000 TANF to implement a Fatherhood Initiative Program with description of possible providers and topics covered. Provides for appropriation of Federal Health and Human Services grants for responsible fatherhood. Limits allocation per county to not more than 20% of total.

Sec. 416. Marriage Initiative – NEW

Provides \$250,000 TANF to implement a Marriage Initiative Program with description of possible providers and topics covered. Provides for appropriation of Federal Health and Human Services grants for healthy marriage promotion. Limits allocation per county to not more than 20% of total.

Sec. 418. Individual Development Accounts Expansion – NEW

Allows Department to expand availability of individual development account (IDA) savings programs with \$200,000 TANF. Requires Michigan IDA Partnership to encourage each TANF-eligible household to claim the federal EITC and incorporate in household savings plan. States legislative intent to appropriate the same amount annually.

Sec. 421. Allow Private Foster Care and Adoption Agencies to Conduct Staff Training – NEW

Directs FIA to allow nationally accredited private foster care and adoption agencies to conduct their own staff training, using current FIA policies and procedures. States legislative intent to reduce training and travel costs for both the Department and private agencies.

CHILD AND FAMILY SERVICES

Sec. 501. Foster Care Goals – MODIFIED

Modifies reporting requirements, and directs Department to discontinue the Michigan Children's Institute (MCI) preliminary consent denial review process.

Sec. 537. Foster Care Placement – First Opportunity – MODIFIED

Modifies requirement to offer private nonprofit licensed foster care agencies first opportunity to provide services by requiring that the private agency has a direct care caseload no greater than 20 cases per caseworker, and adjusts reporting requirement.

Sec. 545. Eliminate Freeze on Approval of New Specialized Foster Care Programs – MODIFIED

Directs FIA to implement a 3% rate increase for child placing agencies and residential facilities. Also increases the annual rate paid to foster and adoptive parents by 1%, and directs FIA to provide for approval of new specialized foster care programs.

Sec. 547. Foster Care Court Orders – NEW

Requires FIA to implement a plan to review each court order placing a child in foster care within 60 days to verify federal compliance; requires a report on results of the reviews to the Legislature by October 1, 2004.

PUBLIC ASSISTANCE

Sec. 657. Before- or After-School Program – MODIFIED

Requires Department to offer a statewide before- or after-school program for school-aged children, and provide a report. Appropriates \$5.0 million TANF for this program, with no county receiving more than 20% of this funding. Allocation of funds is based on a competitive bid process, with grantees providing a 25% match.

Sec. 669. Electronic Debit Cards and Annual School Clothing Allowance – MODIFIED

Requires FIA to distribute assistance to recipients using debit cards. Allocates funds for eligible children as defined by FIA to receive a school clothing allowance; encourages Department to expand outreach to retailers. Increases clothing allowance allocation to \$6.9 million.

Major Boilerplate Changes from FY 2003-04

Sec. 674. Day Care Savings – NEW

Specifies that FIA implement a plan to reduce fraud, waste, and abuse within child day care services, and report to the Legislature on plan details quarterly, beginning December 31, 2004.

Sec. 675. New Day Care Rate Structure – NEW

Requires FIA to explore the cost of a new rate structure for child day care services that more accurately reflects costs by vicinity, based on the most recent market survey.

Sec. 676. Extend Michigan After-School Initiative – NEW

Extends the Michigan After-School Initiative, renaming it the Michigan After-School Partnership, to oversee implementation of policy recommendations identified in the report dated December 15, 2003.

JUVENILE JUSTICE SERVICES

Sec. 705. W. J. Maxey and facility Reporting Requirements – MODIFIED

Requires FIA to develop measurable goals, objectives and performance standards for both public and private juvenile justice residential programs and report quarterly on progress and other information.

Sec. 716. Juvenile Justice Facilities Review – NEW

Requires FIA to continue to review efficiency of facilities, and report to the Legislature on utilization and potential consolidation efforts by January 15, 2005.

LOCAL OFFICE SERVICES - NEW

Sec. 751. New Family Resource Center Implementation Plans

Directs FIA to notify House and Senate Appropriations Subcommittees on the FIA budget on all new family resource center implementation plans.

OFFICE OF CHILDREN AND ADULT LICENSING

Sec. 1001. Licensing and Regulation Fees – NEW

Requires FIA to collect fees from child care organizations and adult foster care facilities to defray licensing and regulating costs.

Sec. 1002. Juvenile Residential Facility Evaluation Reports – NEW

Requires FIA to provide a summary report to the Legislature of any evaluation reports and subsequent approvals and disapprovals of juvenile residential facilities operated by the Department.

Sec. 1003. Federal Funding Authority for Lead Testing – NEW

Directs FIA to require documentation verifying the facility is lead-safe before issuing a day care facility license, if federal funds are available to support a testing program.

**FY 2004-05
Budget Detail
for
LABOR AND
ECONOMIC GROWTH**

Labor and Economic Growth

**Summary: Enacted Appropriations
LABOR AND ECONOMIC GROWTH
FY 2004-05 House Bill 5521
Public Act 354 of 2004**

Analyst: Steve Stauff

	FY 2003-04 YTD (as of 2/12/04)	Executive	House	Senate	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$212,000	\$515,200	\$515,200	\$515,200	\$515,200	\$303,200	143.0
Federal	752,792,300	836,629,400	792,502,100	815,583,000	836,502,100	83,709,800	11.1
Local	15,011,900	15,745,900	15,244,600	15,669,600	15,669,600	657,700	4.4
Private	4,019,400	4,140,100	4,140,100	4,140,100	4,140,100	120,700	3.0
Restricted	317,858,500	297,760,900	297,914,500	298,179,100	290,500,600	(27,357,900)	(8.6)
GF/GP	78,680,501	79,687,100	108,795,000	110,897,200	94,538,000	15,857,499	20.2
Gross	\$1,168,574,601	\$1,234,478,600	\$1,219,111,500	\$1,244,984,200	\$1,241,865,600	\$73,290,999	6.3
FTEs	4,723.0	4,302.0	4,297.0	4,307.0	4,307.0	(416.0)	(8.8)

Note: FY 2003-04 YTD shows combined amounts for the former Consumer and Industry Services, Career Development, and Michigan Strategic Fund; it does not include financial adjustments between the Departments of Labor and Economic Growth, Family Independence Agency, Community Health, or State Police pursuant to EO 2003-18; it does not include the results of any supplementals, or Executive Order actions that occurred after February 12, 2004.

Overview

The Department of Labor and Economic Growth (DLEG) has primary responsibility for the regulatory functions that relate specifically to commercial, business, and workers' issues. It also includes activities within the former Department of Career Development such as various employment training-related programs for displaced workers, adults, and youth, and employment services for the disabled as well as welfare recipients. The Department also houses the Michigan Strategic Fund, an autonomous agency which reports to the Director of DLEG. The fund's programs are administered by the Michigan Economic Development Corporation, with the primary task of promoting economic development in Michigan.

Major Budget Changes from FY 2003-04 YTD Appropriations

		FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
1. Michigan Commission for the Blind – Additional Match	Gross	\$75,000	\$425,000
Adds \$425,000 local that can be used to match available federal dollars.	Local	75,000	425,000
2. Michigan Broadband Development Authority	Gross	\$0	\$1,296,000
Includes new unit for administrative costs of Michigan Broadband Development Authority; restricted revenue source Michigan Broadband Development Authority Fees and Charges is authorized for expenditure.	Restricted	0	1,296,600

LABOR AND ECONOMIC GROWTH

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
3. Fire Protection Grants		Gross	\$15,839,000
Includes \$7.2 million gross for fire protection grants (\$3.5 million Fire Protection Fund and \$3.7 million Liquor Purchase Revolving Fund), an increase of \$3.5 million from FY 2003-04. Companion boilerplate states that an additional \$3.7 million will be appropriated if House Bill 5313 generates more than \$18.0 million in revenue. The FY 2003-04 Fire Protection Grants authorization of \$15.8 million is currently supported by only \$3.7 million because statutory changes did not occur to increase the deposit to Liquor Purchase Revolving Fund by \$12.1 million.		Restricted	15,839,000
			(\$8,628,500) (8,628,500)
4. Job Training Programs Subgrantees		Gross	\$98,602,700
Adds \$6.0 million in federal Reed Act funds from three appropriation year 2002 work project accounts and \$15.0 million of federal Workforce Investment Act (WIA) authorization, reflecting anticipated revenue. Work project cancellation and balance information is found in Sec. 430. Includes additional \$1.0 million WIA funding from Michigan Virtual University line and \$1.0 million Reed Act funds to Welfare-to-Work line.		Federal	98,602,700
			\$21,000,000 21,000,000
5. Volunteer Investment Grants		Gross	\$6,180,100
Removes all funding for Volunteer Investment Grants from Michigan Community Service Commission Subgrantees appropriation line.		Federal	5,500,000
		Private	400,000
		GF/GP	\$280,100
			(\$280,100) 0 0 (\$280,100)
6. Welfare-to-Work Programs		Gross	\$67,698,600
Offsets approximately \$66.1 million of Federal Reed Act funding available in FY 2003-04 through a FY 2001-02 work project account with appropriated lapsing work project Reed Act funding of \$15.3 million (\$40.8 million TANF and \$10.9 million GF/GP). A federal Welfare-to-Work grant ends removing \$20.0 million. Transfers \$1.0 million Reed Act funding from the Job Training Program Subgrantees line to this line and transfers \$1.0 million GF/GP to Michigan Virtual University line.		Federal	60,399,000
		GF/GP	\$7,299,600
			\$46,100,000 36,200,000 \$9,900,000
7. Pre-College Programs in Engineering and the Sciences		Gross	\$500,000
Adds \$180,100, increasing funding in FY 2004-05 to \$680,100.		GF/GP	\$500,000
			\$180,100 \$180,100
8. Technology Tri-Corridor – Life Sciences Initiative		Gross	\$15,000,000
Adds \$15.0 million GF/GP for Life Sciences Initiative of the technology tri-corridor, \$30.0 million total funding.		Restricted	10,000,000
		GF/GP	\$5,000,000
			\$15,000,000 0 \$15,000,000
9. Economic and Employee-Related Savings		Gross	N/A
Reduces GF/GP to reflect change in methodology for allocating year-end salary and fringe benefit costs between fiscal years and savings due to a recent actuarial experience study for State Employee Retirement System.		GF/GP	N/A
			(\$223,000) (\$223,000)

Major Boilerplate Changes from FY 2003-04

Sec. 217. Travel Expenditure Limitations – NEW

Details travel limitations and exceptions.

Major Boilerplate Changes from FY 2003-04

Sec. 335. Low Income/Energy Efficiency Assistance Program – MODIFIED

Deletes FY 2003-04 subsection (2) which required that \$3.0 million of the part 1 appropriation be allocated to Community Action Agencies.

Sec. 347. Fire Protection Grants Funding Contingency – MODIFIED

Strikes FY 2003-04 language substituting target agreement language appropriating \$3.7 million contingent upon enactment of House Bill 5313 of 92nd Legislature and meeting of threshold conditions on revenue contained within bill.

Sec. 358. Real Estate Education Fund – NEW

Allows real estate prelicensure and post licensure education to be delivered through online courses by a community college, university, or private school. Allows monies within Real Estate Education Fund, a fund established in State License Fee Act, to be used by the Department for grants to be given to educational providers to establish online courses made available to students throughout the year.

Sec. 360. Real Estate Continuing Education Credit Tracking System – NEW

Requires Department to create a real estate continuing education credit tracking system made available to licensees.

Sec. 361. Land Bank Fast Track Authority – NEW

Allows Land Bank Fast Track Authority to expend revenues received under Land Bank Fast Track Act, 2003 PA 258 to acquire, lease, manage, demolish, maintain, or rehabilitate real or personal property, pay debt service for notes or bonds issued by the authority, and any other expenses to clear or quiet title property held by the authority.

Sec. 362. Administration and Enforcement of Boxing Regulation – NEW

Provides intent language stipulating that Department may use \$200,000 for administration and enforcement of boxing regulation in Michigan from funds appropriated, and requires that any additional responsibilities associated with the administration and enforcement of boxing regulation be accompanied by passage and statutory changes that would provide an adequate fee structure to support those activities within the Department.

Sec. 364. Michigan Broadband Development Authority Administrative Cost Allocation Report – NEW

Requires Department to provide a report by January 1 on total administrative costs allocated for Michigan Broadband Development Authority.

Sec. 428. Michigan Virtual University – MODIFIED

Requires that \$1.0 million in Michigan Virtual University line be GF/GP and that the allocation support Michigan Virtual High school as described in Sec. 98 of State School Aid Act of 1979.

Sec. 430. Reed Act Fund Work Project Guidance – NEW

Describes federal Reed Act work project accounts that are cancelled and stipulates use of certain balances for Welfare-to-Work and Job Training Programs Subgrantees. Stipulates that these funds shall be used to support job search and job readiness activities and one-stop center operations.

Sec. 510. Technology Tri-Corridor – MODIFIED

Increases funding amount from \$15.0 million to \$30.0 million for Life Sciences Initiative. Requires \$1.5 million be allocated to a private research institute that has received a specific federal appropriation prior to 2005 for creation of a good manufacturing practice facility and mandates funds be available for expenditure in 2006 and 2007. Removes requirement that proposals receiving funding for homeland security or automotive initiative also include a life sciences component.

Sec. 521. State Clearinghouse on Entrepreneurship – NEW

Designates \$100,000 from Indian casino revenue or other available resources to create and administer a state clearinghouse on entrepreneurship available to public through internet.

Sec. 522. Michigan Center for Excellence – NEW

Mandates a feasibility study on creation of a Michigan Center for Excellence, funded in the amount of \$100,000 from the Administration line of Michigan Strategic Fund. Describes the purpose of the Center.

**FY 2004-05
Budget Detail
for
RESOURCE PROTECTION**

**Agriculture
Environmental Quality
Natural Resources**

**Summary: Enacted Appropriations
AGRICULTURE
FY 2004-05 House Bill 5509
Public Act 353 of 2004**

Analyst: Kirk Lindquist

	FY 2003-04 YTD (as of 2/12/04)				FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
	Executive	House	Senate	Amount		%	
IDG/IDT	\$10,758,600	\$10,831,700	\$10,831,700	\$10,831,700	\$10,831,700	\$73,100	0.7
Federal	14,401,700	33,476,200	33,406,200	33,406,200	33,476,200	19,074,500	132.4
Local	0	0	0	0	0	0	0.0
Private	1,127,600	138,700	138,700	138,700	138,700	(988,900)	(87.7)
Restricted	39,931,900	40,662,500	40,070,800	40,070,700	51,593,300	11,661,400	29.2
GF/GP	30,259,200	31,292,700	31,509,400	31,509,400	30,091,400	(167,800)	(.6)
Gross	\$96,479,000	\$116,401,300	\$115,956,800	\$115,956,700	\$126,131,300	\$29,652,300	30.7
FTEs	724.0	715.0	739.0	739.0	749.0	25.0	3.5

Note: FY 2003-04 YTD figures do not include the results of any supplementals or Executive Order actions that occurred after February 12, 2004.

Overview

The Department of Agriculture promotes Michigan agricultural products and protects the public from disease and unsanitary conditions in food production and handling; regulates product labeling and producer practices for dairy products, animals, and plants; and enforces consumer protection laws in food, standard weights/measures, animal health, plant pests, and diseases.

Major Budget Changes from FY 2003-04 YTD Appropriations	FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
1. Emerald Ash Borer Program	FTEs 0.0	155.0
Provides funds for eradication efforts in affected areas of southeast Michigan and other threatened areas in the lower peninsula. Includes federal funding for third year of this program; no state revenue match is required.	Gross \$7,250,000	\$17,750,000
	Federal 7,250,000	17,750,000
2. Gas Pump Inspection Program	FTEs 0.0	23.0
Includes refined petroleum fund revenue to support program.	Gross \$0	\$1,359,500
	Restricted 0	2,537,800
	GF/GP \$0	(\$1,178,300)

AGRICULTURE

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		<u>FY 2003-04 YTD (as of 2/12/04)</u>	<u>Enacted Change from YTD</u>
3. <i>Agriculture Equine Development Fund Revenue Redistribution</i>	Gross	\$12,467,000	\$7,100,000
Reduces Agriculture Equine Industry Development Fund support for local racing programs. State Services Fee revenue replaces Agriculture Equine Development Fund support to Laboratory and Office of Racing Commissioner by \$2.8 million, with an increase of \$1.0 million provided for fair and industry support line items. Deposits \$6.1 million into Agriculture Equine Development Fund from Casino Tax revenue; adds to horse racing program and track licensee line items.	Restricted	12,467,000	7,100,000
4. <i>Federal Grant Increase – Johne’s Disease and Bovine TB Animal Testing</i>	Gross	\$6,246,600	\$956,000
Increases Animal Health and Welfare program by \$356,000 to allow state to receive and spend additional federal funds for Johne’s Disease eradication efforts in sheep, cattle, and slaughterhouse inspections. Adds \$600,000 (\$350,000 federal, \$250,000 Agriculture Equine Industry Development Fund) to support continuing efforts to protect livestock threatened by Bovine TB through animal testing.	Federal	159,000	706,000
	Restricted	407,200	250,000
	GF/GP	\$5,839,400	\$0
5. <i>Agriculture Laboratory – Oil and Gas Settlement Fund Revenue</i>	Gross	\$997,600	(\$150,400)
Adds \$385,000 in Gasoline Testing and Inspection funds and \$462,200 in petroleum Refined Products funds which provided for service station inspection program. State will not receive Oil and Gas Settlement Revenue in FY 2004-05.	Private	997,600	(997,600)
	Restricted	0	847,200
6. <i>Plum Pox Inspections and Project GREEN</i>	Gross	\$12,107,800	\$300,000
Provides Inspection fee revenue (Industry Support Funds) for Plum Pox Inspection program and \$90,000 to Michigan State University–Project GREEN.	Federal	3,374,400	0
	Private	130,000	0
	Restricted	3,841,300	300,000
	GF/GP	\$4,762,100	\$0
7. <i>Marketing Programs</i>	Gross	\$2,441,700	(\$200,000)
Eliminates marketing programs in Agricultural Development, Marketing and Emergency Management. Responsibility for new market identification and development shared with Department of Labor and Economic Growth.	IDG	500,000	0
	Federal	100,000	0
	Restricted	845,400	0
	GF/GP	\$946,300	(\$200,000)
8. <i>Commodity Inspection Fees</i>	Gross	\$991,500	(\$291,500)
Anticipates decline in inspection fee revenue expected in FY 2004-05 due to reduction in workload and complexity of onsite inspections.	Restricted	991,500	(291,500)
9. <i>Economic Adjustments and Employee-Related Savings</i>	Gross	N/A	\$2,996,600
Increases each line item supporting payroll expenses to cover scheduled pay increases and fringe benefit costs (\$5.0 million). Employee salaries increase by 7%, health insurance premiums increase by 13.6%. Contribution rates for defined benefit and defined contribution retirement programs increase, reflecting system costs related to recent early retirement program. Workforce-related savings (\$1.8 million) offset cost of included economic adjustments. Revised retirement contribution requirements and year-end personal service costs save an additional \$216,700.	IDG	N/A	73,100
	Federal	N/A	548,500
	Private	N/A	8,700
	Restricted	N/A	1,104,500
	GF/GP	N/A	\$1,261,800

Major Boilerplate Changes from FY 2003-04

Sec. 205. *Statewide Hiring Freeze* – REVISED

Allows positions to be filled if federal funds are protected, public safety is involved, or health care services are affected.

Sec. 601. *Energy Conservation Program Grants* – DELETED

Requires a distribution formula.

Sec. 605. *Aquifer Dispute Resolution Funds – Legislative Intent* – DELETED

Designates \$100,000 for aquifer dispute resolution activities.

Sec. 810. *State Fair Operations Spending – Limited to Level of Appropriation* – DELETED

States that total spending in FY 2003-04 shall not exceed the authorized appropriation level.

ENVIRONMENTAL QUALITY

**Summary: Enacted Appropriations
ENVIRONMENTAL QUALITY
FY 2004-05 Senate Bill 1066
Public Act 350 of 2004**

Analyst: Kirk Lindquist

	FY 2003-04 YTD				FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
	(as 2/12/04)	Executive	Senate	House		Amount	%
IDG/IDT	\$14,142,900	\$14,263,000	\$14,263,000	\$14,263,000	\$14,263,000	\$120,100	0.8
Federal	131,259,500	133,766,800	133,766,800	133,893,700	133,766,800	(2,507,300)	1.9
Local	0	0	0	0	0	0	0.0
Private	435,700	445,900	445,900	445,900	445,900	10,200	2.3
Restricted	171,988,500	153,980,000	155,980,100	155,770,500	163,650,800	(8,337,700)	(4.8)
GF/GP	53,580,775	37,946,100	36,010,000	31,636,400	28,472,800	(25,107,975)	(46.9)
Gross	\$371,407,375	\$340,401,800	\$340,465,800	\$336,009,500	\$340,599,300	(\$30,808,075)	(8.3)
FTEs	1,611.7	1,578.2	1,570.2	1,577.2	1,570.2	(41.5)	(2.6)

Note: FY 2003-04 YTD figures do not include the results of any supplementals or Executive Order actions that occurred after February 12, 2004.

Overview

The Department of Environmental Quality supports environmental protection, conservation, and cleanup and redevelopment programs. Appropriated funds support regulatory efforts established to protect, restore, and reuse Michigan's air, water, and land resources. More than half of annual department revenue is collected from restricted (permit and license) revenue.

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		<u>FY 2003-04 YTD</u> <u>(as of 2/12/04)</u>	<u>Enacted Change</u> <u>from YTD</u>
1. Contaminated Site Cleanup	Gross	\$34,968,046	(\$34,968,046)
Deletes boilerplate re-appropriation item in FY 2003-04 supplemental (\$13.3 million). Baseline appropriation for cleanup projects is not included (\$21.7 million). Insufficient revenue exists to cover both environmental cleanup and redevelopment staff needs and traditional number of cleanup projects. Reduces Environmental Response Fund and Environmental Protection Fund appropriations; program support shifted to Cleanup and Redevelopment Fund revenue saved when funding for cleanup projects was eliminated.	Restricted	34,968,046	(34,968,046)
2. Water Pollution Control Revolving Fund	Gross	\$16,300,000	\$0
Eliminates general fund match (\$16.3 million) for federal grant to Water Pollution Control Revolving Fund. A one-day bond sale will occur: debt service on single sale and redemption payment (from accumulated interest and earnings) will be accepted as state's match for FY 2004-05.	Restricted	0	16,300,000
	GF/GP	\$16,300,000	(\$16,300,000)

ENVIRONMENTAL QUALITY

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		<u>FY 2003-04 YTD (as of 2/12/04)</u>	<u>Enacted Change from YTD</u>
3. Michigan Underground Storage Tank Financial Assurance Fund	Gross	\$0	\$0
Shifts funding from General Fund to Refined Petroleum Fund.	Restricted	0	8,207,200
	GF/GP	\$0	(\$8,207,200)
4. Floodplain Mapping	Gross	\$2,120,800	\$475,000
Includes federal funds for floodplain management program. Maps will be used for emergency planning/loss mitigation and to determine eligibility for the federal floodplain insurance program.	IDG	655,300	0
	Federal	401,100	475,000
	Restricted	75,000	0
	GF/GP	\$989,400	\$0
5. Aquifer Protection	Gross	\$200,000	\$450,000
Increases appropriation from Aquifer Protection Revolving Fund to reflect reimbursements for groundwater dispute investigation and resolution efforts.	Restricted	200,000	450,000
6. Dioxin Bio-Availability Study – VETOED	Gross	N/A	\$800,000
Adds CMI funding for an out-of-state university study of public health risks of dioxin.	Restricted	N/A	800,000
7. Economic Adjustments and Employee-Related Savings	Gross	N/A	\$5,868,400
Increases each line item supporting payroll expenses to cover scheduled pay increases and fringe benefit costs (\$10.2 million). Employee salaries increase by 7% and health insurance premiums increase by 13.6%. Contribution rates for defined benefit and defined contribution retirement programs increase, reflecting system costs related to recent early retirement program. Workforce-related savings (\$4.1 million) offset cost of included economic adjustments. Revised retirement contribution requirements and year-end personal service costs save an additional \$206,200.	IDG	N/A	120,100
	Federal	N/A	2,032,300
	Private	N/A	10,200
	Restricted	N/A	2,825,500
	GF/GP	N/A	\$880,300

Major Boilerplate Changes from FY 2003-04

Sec. 216. Out-of-State Travel Report – NEW

Requires detailed travel report for out-of-state travel.

Sec. 218. Great Lakes Areas of Concern – NEW

Requires Department to collaborate with local advisory councils to restore and formally remove Great Lakes Areas of Concern from federal list.

Sec. 702 (Old). Cleanup Site Listing for Cleanup and Redevelopment Fund Program – DELETED

Lists cleanup projects funded from the appropriation.

Sec. 702. Dioxin Bio-Availability Study – VETOED

Requires dioxin study to be done by an out-of-state university or other qualified organization.

Sec. 703. Municipal Landfill Match Grants – DELETED

Provides \$2.0 million for National Priority List Municipal Landfill Match Grants.

Sec. 903. Real Time Water Quality Grant – VETOED

Provides instruction regarding water quality monitoring grant (\$250,000) to City of Algonac.

Sec. 1103 (Old). Public Water Supply System Loans – DELETED

Requires Department to provide low-interest loans to water supply systems not in compliance with federal arsenic standards.

Sec. 1103. Fish Barrier Challenge Grant – NEW

Provides \$100,000 for a grant to U.S. Army Corps of Engineers for a fish barrier in Illinois to prevent introduction of aquatic alien species into the Great Lakes.

ENVIRONMENTAL QUALITY

Sec. 1104. County Grants – Water Quality Monitoring – DELETED

Provides \$700,000 to City of St. Clair Shores for dredging.

**Summary: Enacted Appropriations
NATURAL RESOURCES
FY 2004-05 Senate Bill 1068
Public Act 347 of 2004**

Analyst: Kirk Lindquist

	FY 2003-04 YTD (as of 2/12/04)	Executive	Senate	House	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$3,437,900	\$3,528,700	\$3,528,700	\$3,528,700	\$3,528,700	\$90,800	2.6
Federal	33,706,600	37,195,200	34,629,300	37,195,200	37,195,200	3,488,600	10.3
Local	0	0	0	0	0	0	0.0
Private	1,871,400	2,024,300	2,024,300	2,024,300	2,024,300	152,900	8.2
Restricted	186,358,700	187,914,500	188,075,600	188,108,900	192,702,200	6,343,500	3.4
GF/GP	28,089,400	25,507,300	25,040,100	24,873,100	28,885,000	795,600	2.8
Gross	\$253,464,000	\$256,170,000	\$253,298,000	\$255,730,200	\$264,335,400	\$10,871,400	4.3
FTEs	2,094.5	2,076.5	2,077.5	2,072.5	2,070.5	(22.0)	(1.1)

Note: FY 2003-04 YTD figures do not include the results of any supplementals or Executive Order actions that occurred after February 12, 2004.

Overview

The Department of Natural Resources manages, conserves, and protects Michigan's resources. Programs include forest management, land and minerals management, wildlife and fisheries management, conservation law enforcement, and State Parks and forest campgrounds. Federal funds support game and fish habitat maintenance, emerald ash borer eradication, and hunter safety protection programs.

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		<u>FY 2003-04 YTD (as of 2/12/04)</u>	<u>Enacted Change from YTD</u>
1. Payments in Lieu of Taxes	Gross	\$8,272,800	(\$472,800)
Remains in DNR budget; \$7.8 million payment is split between general fund and restricted fund support.	Restricted	6,259,900	(2,359,900)
	GF/GP	\$2,012,900	\$1,887,100
2. Snowmobile Trail Maintenance	Gross	\$8,585,900	\$1,042,500
Expands state and local snowmobile trails program, appropriating added amount realized through recently-enacted fee increase.	Restricted	8,585,900	1,042,500
3. Funding Shift – Forest Fire Suppression	Gross	\$9,506,000	\$0
Replaces general fund support with Forest Development Fund revenue.	Federal	734,400	0
	Restricted	2,913,200	1,000,000
	GF/GP	\$5,858,400	(\$1,000,000)
4. Retail Sales System Contract	Gross	\$5,241,700	\$200,000
Increases automation contract reflecting increased software and systems enhancement costs realized with recent upgrade of point-of-sale terminals used for hunting and fishing license sales.	Federal	200,000	0
	Restricted	4,945,900	200,000
	GF/GP	\$95,800	\$0

NATURAL RESOURCES

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>	<u>FY 2003-04 YTD (as of 2/12/04)</u>	<u>Enacted Change from YTD</u>	
5. Economic Adjustments and Employee-Related Savings	Gross	N/A	\$8,432,100
Increases each line item supporting payroll expenses to cover scheduled pay increases and fringe benefit costs (\$13.4 million). Employee salaries increase by 7% and health insurance premiums increase by 13.6%. Contribution rates for defined benefit and defined contribution retirement programs increase, reflecting system costs related to recent early retirement program. Workforce-related savings (\$4.8 million) offset cost of included economic adjustments. Revised retirement system requirements and year-end personal service costs save an additional \$135,800.	IDG	N/A	90,800
	Federal	N/A	922,700
	Private	N/A	52,900
	Restricted	N/A	6,780,700
	GF/GP	N/A	\$585,000

Major Boilerplate Changes from FY 2003-04

Sec. 218. Out-of-State Travel Report – NEW

Requires detailed travel report for out-of-state travel.

Sec. 406. Travel Report – NEW

Requires quarterly report of travel expenditures for Department employees.

Sec. 706. State Boating Access Site Maintenance – NEW

Requires a pilot privatization project for access site maintenance.

Sec. 707. Porcupine Mountain State Park Ski Hill – NEW

Requires report on financial status of ski hill, and prohibits demolition of buildings in Porcupine Mountain Wilderness State Park.

Sec. 801. State Forest Certification – NEW

Requires report on state forest management plan.

Sec. 805. Southwest Michigan Forester – NEW

Requires Department to assign one forester to handle forest management matters for state lands in southwest Michigan.

**FY 2004-05
Budget Detail
for**

SAFETY AND DEFENSE

**Military and Veterans Affairs
State Police**

**Summary: Enacted Appropriations
MILITARY AND VETERANS AFFAIRS
FY 2004-05 House Bill 5522
Public Act 341 of 2004**

Analyst: Jan Wisniewski

	FY 2003-04 YTD (as of 2/12/04)	Executive	House	Senate	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$300,000	\$603,000	\$642,500	\$1,042,500	\$1,042,500	\$742,500	247.5
Federal	40,627,900	45,418,100	45,418,100	45,418,100	45,418,100	4,790,200	11.8
Local	0	0	0	0	0	0	0.0
Private	1,270,700	1,282,300	1,282,300	1,282,300	1,282,300	11,600	0.9
Restricted	24,570,100	25,599,800	25,599,800	25,599,800	25,599,800	1,029,700	4.2
GF/GP	36,328,800	37,377,900	38,563,000	37,563,100	37,370,700	1,041,900	2.9
Gross	\$103,097,500	\$110,281,100	\$111,505,700	\$110,905,800	\$110,713,400	\$7,615,900	7.4
FTEs	1,079.0	1,023.0	1,023.0	1,023.0	1,023.0	(56.0)	(5.2)

Note: FY 2003-04 YTD figures do not include the results of any supplementals or Executive Order actions that occurred after February 12, 2004.

Overview

The Department of Military and Veterans Affairs is charged with the training and administration of Army and Air National Guard forces, providing combat-ready military forces during times of national emergency, and performing civil relief operations under the command of the Governor during state emergencies. The Department's budget includes administrative and maintenance costs associated with these responsibilities, as well as several National Guard-related programs such as the Challenge Program and the National Guard Education Assistance Program. The Department has oversight over the following veterans-related programs: state-licensed nursing care at veterans homes in Grand Rapids and Marquette, grant funding to veterans service organizations, and the Michigan Veterans Trust Fund.

Major Budget Changes from FY 2003-04 YTD Appropriations	FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
1. Challenge Program	Gross \$3,296,900	\$564,500
Adds \$125,000 GF/GP to help fund two, 50-pupil Challenge classes—a voluntary boot camp-style program for high school dropouts funded by federal National Guard Bureau on a 60/40 federal/state basis.	IDG 200,000	439,500
	Federal 1,651,200	0
	Private 845,700	0
	GF/GP \$600,000	\$125,000
2. D.J. Jacobetti Veterans' Home – Medicare and Medicaid	Gross \$12,945,600	\$87,000
Increases federal revenue at D.J. Jacobetti Veterans' Home due to tightening criteria for providing free prescription drugs to some veterans at the home. Results in increased Medicare and Medicaid revenues.	Federal 4,073,700	87,000
	Restricted 4,391,500	0
	GF/GP \$4,480,400	\$0

MILITARY AND VETERANS AFFAIRS

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD	
3. Veterans Trust Fund Tuition Grant		Gross	\$3,746,500	\$1,000,000
Increases \$1.0 million GF/GP to fund tuition grant program completely funded by Michigan Veterans Trust Fund.		Restricted	3,746,500	0
		GF/GP	\$0	\$1,000,000
4. Headquarters and Armories		Gross	\$9,041,200	\$300,000
Increases federal revenue available for security contracts, personnel costs, and maintenance costs.		Federal	1,891,300	300,000
		Restricted	350,000	0
		GF/GP	\$6,799,900	\$0
5. Military Training Sites		Gross	\$14,860,200	\$2,000,000
Increases federal revenue available for security contracts, personnel costs, and maintenance costs.		Federal	12,140,400	2,000,000
		GF/GP	\$2,719,800	\$0
6. Special Maintenance – Federal		Gross	\$4,300,000	\$1,000,000
Increases federal revenue available for construction, maintenance and upkeep at Michigan National Guard training sites and logistical facilities.		Federal	4,300,000	1,000,000
7. Information Technology – Base Reduction and Budgetary Savings		Gross	\$1,170,300	(\$78,900)
Reduces operating costs and employee-related savings in information technology.		Federal	560,400	(12,000)
		Restricted	160,500	(8,500)
		GF/GP	\$449,400	(\$58,400)
8. Economic Adjustments		Gross	N/A	\$5,687,100
Includes economic adjustments for salary and wage costs \$2.9 million, retirement costs \$1.8 million, insurance costs \$1.0 million, workers' compensation (\$44,000), and DIT Economics \$90,600.		IDG	N/A	7,600
		Federal	N/A	2,378,100
		Private	N/A	31,900
		Restricted	N/A	1,413,000
		GF/GP	N/A	\$1,856,500
9. Homeland Security		Gross	\$100,000	\$300,000
Increases pass-through grant funding received from Department for activities related to Homeland Security program.		IDG	100,000	300,000
10. Headquarters and Armories – GF Adjustment		Gross	\$9,041,200	(\$100,000)
Includes adjustment for one-time cost to bring troops home for the 2003 holiday.		Federal	1,891,300	0
		Restricted	350,000	0
		GF/GP	\$6,799,900	(\$100,000)
11. Military Retirement Payments		Gross	\$2,500,000	\$176,000
Increases annual annuity paid to retired Michigan Army and Air National Guard personnel per Michigan Military Act, 1967 PA 150.		GF/GP	\$2,500,000	\$176,000
12. Employee-Related Savings		Gross	\$103,097,500	(\$2,198,500)
Includes 5% employee-related savings to help fund FY 2004-05 economic costs.		IDG	300,000	(4,600)
		Federal	40,627,900	(858,100)
		Private	1,270,700	(20,300)
		Restricted	24,570,100	(537,700)
		GF/GP	\$36,328,800	(\$777,800)
13. Human Resources Optimization		Gross	\$9,041,200	(\$19,600)
Provides savings through increased efficiency in human resources.		Federal	1,891,300	0
		Restricted	350,000	0
		GF/GP	\$6,799,900	(\$19,600)
14. FTE Adjustments		FTEs	1,079.0	(56.0)
Reduces FTEs throughout budget to correctly align staffing and optimize human resources.				

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>	<u>FY 2003-04 YTD (as of 2/12/04)</u>	<u>Enacted Change from YTD</u>	
15. Executive Budget Revision	Gross	N/A	(\$185,100)
Reduces GF/GP to reflect change in methodology for allocating year-end salary and fringe benefit costs between fiscal years and reflect savings from recent actuarial experience study for State Employee Retirement System.	GF/GP	N/A	(\$185,100)

Major Boilerplate Changes from FY 2003-04

Contingency Funds – NOT INCLUDED

Enacted budget does not include language appropriating federal, state restricted, local, and private contingency funds that can be expended only upon legislative transfer to a specific line item.

Sec. 225. Travel Language – NEW

Imposes restrictions on out-of-state travel; requires report.

Sec. 705. Veterans Trust Fund – NEW

States legislative intent to enact legislation, prior to enactment of FY 2005-06 appropriations bill, for Michigan Veterans Trust Fund (MVTF), which would provide a dedicated funding source for the cost of veterans' survivors tuition program; states intent that the Veterans Trust Fund Board only expend interest earned by MVTF.

STATE POLICE

**Summary: Enacted Appropriations
STATE POLICE
FY 2004-05 House Bill 5526
Public Act 348 of 2004**

Analyst: Jan Wisniewski

	FY 2003-04 YTD (as of 2/12/04)	Executive	House	Senate	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$17,885,100	\$19,916,800	\$19,916,800	\$19,916,800	\$19,916,800	\$2,031,700	11.4
Federal	103,892,300	106,255,100	106,255,100	106,255,100	106,255,100	2,362,800	2.3
Local	4,506,600	4,681,100	4,681,100	4,681,100	4,681,100	174,500	3.9
Private	10,000	10,700	10,700	10,700	10,700	700	7.0
Restricted	93,063,400	100,602,000	100,602,000	100,602,000	100,602,000	7,538,600	8.1
GF/GP	234,765,229	244,679,600	245,458,500	245,608,700	244,380,200	9,614,971	4.1
Gross	\$454,122,629	\$476,145,300	\$476,924,200	\$477,074,400	\$475,845,900	\$21,723,271	4.8
FTEs	2,990.0	2,951.0	2,951.0	2,959.0	2,951.0	(39.0)	(1.3)

Note: FY 2003-04 YTD figures do not include the results of any supplementals or Executive Order actions that occurred after February 12, 2004.

Overview

The Department of State Police provides a wide range of law enforcement services—including highway patrol, criminal investigations, forensic sciences, motor carrier enforcement, emergency management, highway safety planning, fire investigation, criminal justice data processing, and various specialized law enforcement services. The Department's responsibilities also include oversight of law enforcement standards in the state through the Michigan Commission on Law Enforcement Standards and administration of several law enforcement-related grant programs.

Major Budget Changes from FY 2003-04 YTD Appropriations	FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
1. Overstated FTEs	FTEs 2,990.0	(31.0)
Adjusts FTEs and GF/GP proportional to overstated FTEs in various line items.	Gross \$0	(\$150,000)
	GF/GP \$0	(\$150,000)
2. Public Safety Officers Benefit Program	Gross \$0	\$150,000
Provides \$150,000 GF/GP to support Public Safety Officers Benefit Act.	GF/GP \$0	\$150,000
3. At-Post Trooper	Gross \$107,685,300	\$0
Adds \$1.5 million restricted revenue due to elimination of Drivers Education Program in 2004, offsetting \$1.5 million GF/GP reduction to At-Post Troopers line item.	Restricted 39,384,700	1,500,000
	GF/GP \$68,300,600	(\$1,500,000)

Major Budget Changes from FY 2003-04 YTD Appropriations		FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
4. DNA Funding	Gross	\$7,393,800	\$1,000,000
Provides \$1.0 million GF/GP to assist processing backlogs of DNA samples.	Federal	3,383,200	0
	Restricted	1,746,400	0
	GF/GP	\$2,264,200	\$1,000,000
5. Emergency Management Performance Grant	Gross	\$2,832,300	\$929,400
Increases federal authorization for Emergency Management Performance Grant (EMPG) to be used for State Police homeland security efforts.	Federal	1,519,700	929,400
	GF/GP	\$1,312,600	\$0
6. Emergency Management Performance Grant to Locals	Gross	\$2,182,100	\$300,000
Increases federal authorization for Emergency Management Performance Grants to be distributed to local units of government.	Federal	2,182,100	300,000
7. Uniform Services – 9-1-1 Reimbursement Revenue	Gross	\$0	\$800,000
Includes reimbursement revenue from Commercial Mobile Radio Service Emergency Telephone Fund to support facility upgrades to regional dispatch centers.	IDG	0	800,000
8. Consolidation of Regional Dispatch Centers	Gross	\$44,636,800	(\$430,000)
Saves \$430,000 GF/GP through consolidation of four regional dispatch centers into two dispatch centers.	Federal	1,500,000	0
	GF/GP	\$43,136,800	(\$430,000)
9. Information Technology – Base Reduction and Budgetary Savings	Gross	\$18,591,800	(\$536,100)
Reduces operating costs and employee-related savings.	IDG	105,300	(2,500)
	Federal	29,600	(24,600)
	Local	2,661,500	(63,600)
	Restricted	14,200	(300)
	GF/GP	\$15,781,200	(\$445,100)
10. Economic Adjustments	Gross	N/A	\$31,236,200
Includes economic adjustments for salary and wage costs \$11.5 million, retirement costs \$15.8 million, insurance costs \$3.8 million, workers' compensation (\$179,000), building occupancy charges (\$827,600), and DIT Economics \$1.1 million.	IDG	N/A	1,435,600
	Federal	N/A	1,858,900
	Local	N/A	248,100
	Private	N/A	1,000
	Restricted	N/A	6,756,400
	GF/GP	N/A	\$20,936,800
11. Michigan Commission on Law Enforcement Standards	Gross	\$690,000	\$129,700
Provides \$129,700 restricted to support Michigan Commission on Law Enforcement Standards (MCOLES) portion of Secondary Road Patrol and Training Fund due to fund's enhancement created by Judiciary fee consolidation package, reimbursing local law enforcement agencies for costs of mandatory basic police training.	Restricted	690,000	129,700
12. Fire Fighters Training Council and Fire Investigation	Gross	\$5,214,100	(\$1,943,300)
Transfers a portion of Fire Marshal programs and Fire Fighters Training Council from State Police to Department of Labor and Economic Growth.	Federal	235,000	(235,000)
	GF/GP	\$4,979,100	(\$1,708,300)
13. BOC Cost Allocation	Gross	N/A	\$0
Includes cost allocation for building occupancy and various salary and wage line items reducing GF/GP and shifting to available restricted revenue.	Restricted	N/A	1,000,000
	GF/GP		(\$1,000,000)

STATE POLICE

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
14. Employee-Related Savings	Gross	\$454,122,600	(\$8,625,700)
Includes 5% employee-related savings to help fund FY 2004-05 economic costs.	IDG	17,885,100	(440,400)
	Federal	103,892,300	(529,900)
	Local	4,506,600	(10,000)
	Private	10,000	(300)
	Restricted	93,063,400	(1,541,900)
	GF/GP	\$234,765,200	(\$6,103,200)
15. Human Resource Optimization	Gross	\$2,163,900	(\$58,600)
Includes savings through increased efficiency in human resources.	Restricted	63,600	(1,700)
	GF/GP	\$2,100,300	(\$56,900)
16. Executive Budget Revision	Gross	N/A	(\$778,900)
Reduces GF/GP to reflect change in methodology for allocating year-end salary and fringe benefit costs between fiscal years and reflects savings from recent actuarial experience study for State Employee Retirement System.	GF/GP	N/A	(\$778,900)
17. Target Agreement – DIT GF/GP Reduction	Gross	N/A	(\$299,400)
Reduces GF/GP by \$299,400 to reflect FY 2004-05 target reductions for DIT.	GF/GP	N/A	(\$299,400)

Major Boilerplate Changes from FY 2003-04

Contingency Funds – NOT INCLUDED

Enacted budget does not include language appropriating federal, state restricted, local, and private contingency funds that can be expended only upon legislative transfer to a specific line item.

Sec. 218. At-Post Trooper Strength – MODIFIED

Restricts expenditure of funds appropriated for At-Post Troopers to specified trooper-related expenses, calling for one or more trooper schools be conducted during fiscal year with goal of maintaining minimum at-post trooper strength of 1,075; adds language giving Department flexibility to maintain trooper strength and to require a quarterly report of trooper strength and school status.

Sec. 220. Law Enforcement Assistance – MODIFIED

Directs Department to provide general law enforcement assistance to underserved communities or communities that lack law enforcement resources until such services can be provided by other means.

Sec. 221. Marshall Posts – MODIFIED

Provides funds used for rental costs of State Police Post in Marshall; adds language requiring State Police and Department of Management and Budget to conduct a feasibility study for a new State Police post in Battle Creek, and advise Senate and House Appropriations Subcommittees on State Police of findings by November 15, 2004.

Sec. 223. Travel Language – NEW

Imposes restrictions on out-of-state travel and requires report.

Sec. 307. Communication Towers – NEW

Requires Department to act as liaison between local units of government and DIT to foster local use of Michigan public safety communications system (MPSCS) towers; requires report by April 1, 2005, assessing establishment and use of communication towers by local public safety agencies and reporting problems and recommendations of using towers.

Sec. 501. DNA Protocol – MODIFIED

Requires Department to distribute Department's protocol for retaining and purging DNA analysis samples and records to each police agency in this state; requires Department to report changes to Department's DNA protocol.

**FY 2004-05
Budget Detail
for
ALL OTHERS**

**Capital Outlay
History, Arts, and Libraries
Judiciary
Transportation**

**Summary: Enacted Appropriations
CAPITAL OUTLAY
FY 2004-05 House Bill 5510**

Analyst: Al Valenzio

	FY 2003-04 YTD (as of 2/12/04)	Target	House	Senate	FY 2004-05 Enacted	Difference: Target from 2003-04 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	0	0	0	0	0	0	0.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	15,700,000	7,795,000	7,795,000	7,795,000	7,795,000	(7,905,000)	(50.4)
GF/GP	227,002,100	243,002,100	243,002,100	243,002,100	243,002,100	16,000,000	7.0
Gross	\$242,702,100	\$250,797,100	\$250,797,100	\$250,797,100	\$250,797,100	\$8,095,000	3.3

Note: Only appropriations for State Building Authority Rent payments have been enacted to date; the balance of the FY 2004-05 Capital Outlay budget is unresolved at this time. FY 2003-04 YTD figures do not include the results of any supplementals or Executive Order actions that occurred after February 12, 2004.

Overview

The Michigan Capital Outlay process encompasses the budgetary and administrative functions devoted to financing and planning for the acquisition, construction/renovation, and maintenance of facilities used by a state agency, public university, or community college. General operational practices and procedures are contained in the Management and Budget Act (1984 PA 431), the State Building Authority Act (1964 PA 183), the annual Capital Outlay Appropriations Act (2003 PA 193), and the formal policies of the Legislative Joint Capital Outlay Subcommittee. Act 431 contains numerous oversight and approval action steps that define the respective roles of the Executive and Legislative Branches.

Most major state-owned facility renovations and new construction projects are financed by the State Building Authority (SBA) through issuance of revenue bonds. Debt service on these bonds is provided annually in the Capital Outlay budget bill SBA rent line items. Rent is often referred to as “true” rent because it is based on the facility’s economic or market value. The SBA has a statutory bonded indebtedness ceiling, currently set at \$2.7 billion.

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		<u>FY 2003-04 YTD (as of 2/12/04)</u>	<u>Enacted Change from YTD</u>
STATE BUILDING AUTHORITY RENT			
SBA Rent – State Agencies, Corrections, Universities, and Community Colleges	Gross	\$242,702,100	\$8,095,000
	Restricted	15,700,000	(7,905,000)
	GF/GP	\$227,002,100	\$16,000,000
Reflects full-year funding of projects that came on line in FY 2003-04 and funding shifts from restricted funds to General Fund. The state pays rent to the SBA so it can pay off bonds that are used to finance building construction projects as noted in the overview.			

**Summary: Enacted Appropriations
HISTORY, ARTS, AND LIBRARIES
FY 2004-05 House Bill 5519
Public Act 340 of 2004**

Analyst: Steve Stauff

IDG/IDT	FY 2003-04 YTD (as of 2/12/04)	Executive	Senate	House	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
	\$137,500	\$139,000	\$139,000	\$138,800	\$139,000	\$1,500	1.1
Federal	9,322,600	8,151,300	8,151,300	8,151,300	8,151,300	(1,171,300)	(12.6)
Local	0	0	0	0	0	0	0.0
Private	577,400	577,400	577,400	577,400	577,400	0	0.0
Restricted	2,308,800	2,412,400	2,412,400	2,409,200	2,412,400	103,600	4.5
GF/GP	44,201,700	47,330,000	47,463,100	45,861,100	45,803,500	1,601,800	3.6
Gross	\$56,548,000	\$58,610,100	\$58,743,200	\$57,137,800	\$57,083,600	\$535,600	0.9
FTEs	254.5	238.0	238.0	238.0	238.0	(16.5)	(6.5)

Note: FY 2003-04 YTD figures do not include the results of any supplementals or Executive Order actions that occurred after February 12, 2004.

Overview

The Department of History, Arts, and Libraries administers programs in four major areas: arts and cultural affairs, which includes administration of Michigan’s Arts and Cultural Grants program; Mackinac Island State Park Commission, which oversees operational activities at the Mackinac Island State Park, the Michilimackinac State Park, and the Mill Creek State Park; historical program, which includes historical museum system, historical publications, archaeological, and lighthouse preservation activities; and library services, providing reference services to the public and Legislative, Executive, and Judicial branches of state government, as well as assisting public libraries statewide.

Major Budget Changes from FY 2003-04 YTD Appropriations		FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
1. Preservation and Access for Michigan Project	Gross	\$0	\$965,000
Provides new funding to digitize materials currently in the possession of libraries in the state and to preserve, store, and make these digitized images available via the Michigan Electronic Library (MEL). Subject materials are to be significant in the state’s history, the only existing copies of unique items, or of broad interest to the citizens of Michigan. An evaluation group comprised of representatives of libraries and universities will decide on items that meet the criteria.	GF/GP	\$0	\$965,000
2. Grant to the Detroit Public Library	Gross	\$1,000,000	(\$1,000,000)
Omits earmarked funding to the Detroit Public Library; FY 2003-04 funding was supported with federal Reed Act dollars not available after September 30, 2004.	Federal	1,000,000	(1,000,000)

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
3. Grand Rapids Public Library	Gross	\$125,000	(\$125,000)
Omits earmarked funding to the Grand Rapids Public Library; FY 2003-04 funding was supported with federal Reed Act dollars not available after September 30, 2004.	Federal	125,000	(125,000)
4. Book Distribution Centers	Gross	\$307,500	\$20,000
Adds \$20,000 for the two book distribution service organizations. Boilerplate in Sec. 607 details how the gross amount of \$327,500 shall be split.	GF/GP	\$307,500	\$20,000
5. Historical Grants	Gross	\$0	\$25,000
Adds new appropriation line, Historical Grants, to provide funding for Michigan History Days (\$25,000); Governor vetoed boilerplate Sec. 509 earmarking \$10,000 for Arenac County Historical Society Charity Island Lighthouse preservation project.	GF/GP	\$0	\$25,000

Major Boilerplate Changes from FY 2003-04

Sec. 217. Travel Limitations – NEW

Details travel limitations and exceptions.

Sec. 218. Supplemental Fund Sourcing – NEW

States legislative intent to explore supplemental funding for Department.

Sec. 410(15). Unencumbered Arts Grants Funding Report – NEW

Requires that by August 1, the Department provide a report to the House and Senate subcommittee chairs on History, Arts and Libraries on all unexpended or unencumbered grant funding available. Council shall not redistribute any of these funds during fiscal year without a 10-day notice to committees.

Sec. 509. Historical Grants – PARTIAL VETO

Requires \$25,000 for Michigan History Day be allocated from Historical Grants appropriation line in part 1; Governor vetoed \$10,000 earmarked for Arenac County Historical Society Charity Island Lighthouse preservation project.

Sec. 609. Digitization Project Language – NEW

Provides details on implementing the Preservation and Access for Michigan Project. Outlines types of materials to be digitized and accessed through the electronic library and requests an equitable distribution of funds with no grant recipient to receive more than 30% of total appropriation.

JUDICIARY

**Summary: Enacted Appropriations
JUDICIARY
FY 2004-05 House Bill 5520
Public Act 339 of 2004**

Analyst: Marilyn B. Peterson

	FY 2003-04 YTD (as of 2/12/04)	Executive	Senate	House	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$4,633,500	\$4,633,500	\$4,633,500	\$4,633,500	\$4,633,500	\$0	0.0
Federal	4,106,500	3,815,600	4,015,600	4,015,600	4,015,600	(90,900)	(2.2)
Local	3,148,700	3,298,100	3,298,100	3,298,000	3,298,100	149,400	4.7
Private	842,500	842,500	842,500	842,500	842,500	0	0.0
Restricted	86,120,300*	82,333,600	82,333,600	82,333,100	82,333,700	(3,786,600)	(4.4)
GF/GP	160,216,400	158,093,300	158,093,300	158,092,100	158,093,300	(2,123,100)	(1.3)
Gross	\$259,067,900	\$253,016,600	\$253,216,600	\$253,214,800	\$253,216,700	(\$5,831,200)	(2.3)
FTEs	582.5	582.5	582.5	582.5	582.5	0.0	0.0

Note: FY 2003-04 restricted includes \$6.0 million in one-time boilerplate appropriations; FY 2003-04 YTD figures do not include the results of any supplementals or Executive Order actions that occurred after February 12, 2004.

Overview

Article VI of the State Constitution of 1963 is the basis for Michigan’s judicial branch of government. The Judiciary budget includes operational funding for the Michigan Supreme Court, Court of Appeals, and related judicial agencies. The budget also funds the salaries of justices of the Supreme Court and judges at the appeals, circuit, probate, and district levels according to constitutional and statutory requirements. Grant funding for trial court operations is provided to counties through Court Equity Fund reimbursements based on a statutory formula. Various other grant programs provide funding to trial courts and related organizations.

Major Budget Changes from FY 2003-04 YTD Appropriations		FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
1. Court Equity Fund Reimbursements	Gross	\$69,906,000	(\$1,000,000)
Decreases line item for court equity formula grant program by \$1.0 million gross, reflecting \$2.8 million GF/GP reduction offset by \$1.8 million increased restricted revenue deriving from fee changes that took effect October 1, 2003.	Restricted	44,669,900	1,768,900
	GF/GP	\$25,236,100	(\$2,768,900)
2. Drug Court Grant Program	Gross	\$4,635,000	\$0
Increases restricted revenues deriving from civil infraction assessments and statutory state costs in criminal cases; reduce GF/GP support by identical amount.	IDG	1,800,000	0
	Federal	300,000	0
	Restricted	1,267,500	420,800
	GF/GP	\$1,267,500	(\$420,800)
3. Judgeship Changes	Gross	\$86,872,100	(\$101,700)
Reflects changes in costs of salaries, retirement, and social security due to changes in judgeships enacted during 2001-2002 legislative session.	Restricted	7,090,200	0
	GF/GP	\$79,781,900	(\$101,700)

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
4. New Federal Grant	Gross	\$0	\$200,000
Adds funding for newly-approved distribution of \$200,000 in federal children's justice grant funding, to be used to develop, print, and implement a written protocol and training curriculum for guardians ad item and parents in child protection proceedings.	Federal	0	200,000
5. Employee-Related Savings	Gross	N/A	(\$1,496,900)
Incorporates unspecified savings applied to lines funding FTEs and totaling \$1.5 million gross, \$1.4 million GF/GP.	Federal	N/A	(13,100)
	Local	N/A	(81,600)
	Restricted	N/A	(11,500)
	GF/GP	N/A	(\$1,390,700)
6. Economics	Gross	N/A	\$2,858,800
Includes economic adjustments for:	Federal	N/A	33,700
Salaries and wages (\$2.0 million gross, \$1.8 million GF/GP),	Local	N/A	231,000
Insurances (\$568,300 gross, \$526,600 GF/GP),	Restricted	N/A	35,100
Retirement (\$1.5 million gross, \$1.4 million GF/GP),	GF/GP	N/A	\$2,559,000
Workers' compensation (\$10,000 gross and GF/GP), and			
Building occupancy charges (\$1.2 million gross and GF/GP).			

Major Boilerplate Changes from FY 2003-04

Contingency Funds – NOT INCLUDED

Enacted budget does not include language appropriating federal, state restricted, local, and private contingency funds that can be expended only upon legislative transfer to a specific line item.

Sec. 211. Personal Service Contracts – RETAINED

Requires monthly report on personal service contracts.

Sec. 304. Cooperation With Auditor General – RETAINED

Requires judicial branch to cooperate with auditor general regarding judicial branch audits.

Sec. 313. Judicial Technology Improvement Fund/CSES Refund/Cyber Court – MODIFIED

Retains language establishing criteria for use of Judicial Technology Improvement Fund (JTIF) and explicitly allowing bill's appropriations be used for cyber court, and deletes obsolete language that appropriates to the JTIF a portion of the refund of federal penalties pertaining to child support enforcement system (CSES).

Sec. 314. Mental Health Courts – RETAINED

Requires State Court Administrative Office (SCAO) to assist interested local courts in obtaining federal funds for mental health courts, should such funds become available.

Sec. 315. Communication With DIT – RETAINED

Requires judicial branch to communicate with Department of Information Technology on information technology activities.

Sec. 317. Transcript Fee Reimbursements – NEW

Provides for Judiciary to use as-yet-undefined transcript fee reimbursement funds to reimburse counties for additional costs incurred in the event of a statutory increase in maximum allowable transcript fees. Associated line item is a \$100 placeholder.

TRANSPORTATION

**Summary: Enacted Appropriations
TRANSPORTATION
FY 2004-05 House Bill 5528
Public Act 361 of 2004**

Analyst: William E. Hamilton

	FY 2003-04 YTD (as of 2/12/04)	Executive	Senate	House	FY 2004-05 Enacted	Difference: Enacted from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	1,053,086,900	1,132,701,200	1,132,701,200	1,132,701,200	1,132,701,200	79,614,300	7.6
Local	5,800,000	5,800,000	5,800,000	5,800,000	5,800,000	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	2,160,263,600	2,153,986,400	2,156,526,400	2,145,102,400	2,140,556,900	(19,706,700)	(0.9)
GF/GP	0	0	0	0	0	0	0.0
Gross	\$3,219,150,500	\$3,292,487,600	\$3,295,027,600	\$3,283,603,600	\$3,279,058,100	\$59,907,600	1.9
FTEs	3,056.3	3,050.3	2,924.3	3,024.3	3,037.2	(19.1)	(0.6)

Note: FY 2003-04 YTD figures do not include the results of any supplementals or Executive Order actions that occurred after February 12, 2004.

Overview

The \$3.3 billion state transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation. Funding is provided from state restricted, federal, and local revenue. There is no state GF/GP revenue in this budget.

Approximately two-thirds of the state transportation budget—over \$2.1 billion—comes from constitutionally restricted revenue sources, primarily motor fuel taxes and vehicle registration fees. These revenues are credited to the Michigan Transportation Fund (MTF) for subsequent distribution to other state transportation funds and programs, and to local road agencies. Approximately one-third of the budget—over \$1.1 billion—comes from federal revenue sources. The FY 2004-05 budget is based on the Department's best estimate of available federal revenues. At this time, Congress has not yet passed a long-term reauthorization of the federal aid transportation program—the Transportation Equity Act for the 21st Century (TEA-21), which was originally set to expire on September 30, 2003, and has been extended on a short-term basis. The amount of federal support for Michigan transportation programs will depend on the provisions of the enacted reauthorization bill.

Major Budget Changes from FY 2003-04 YTD Appropriations

1. Debt Service

Increases appropriation to \$167.7 million to reflect anticipated debt service schedules; approximately \$21.6 million represents estimated debt service on new State Trunkline Fund (STF) bond issue.

	FY 2003-04 YTD (as of 2/12/04)	Enacted Change from YTD
Gross	\$132,062,300	\$35,687,800
Federal	24,000,000	20,000,000
Restricted	108,062,300	15,687,800

TRANSPORTATION

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		<u>FY 2003-04 YTD (as of 2/12/04)</u>	<u>Enacted Change from YTD</u>
2. Michigan Transportation Fund (MTF) Grants to Other State Departments (IDGs)	Gross	\$27,765,900	\$1,235,400
Appropriates \$29.0 million in MTF grants to other state departments, including \$20.0 million to Department of State and \$7.8 million to Department of Treasury for the costs of collecting MTF revenue. Reflects provisions of 2003 PAs 151 and 152.	Restricted	27,765,900	1,235,400
3. Design and Engineering Services – Program Services	FTEs	634.0	93.7
Increases FTEs to 727.7; does not include the new Contract design services line. Program services supports Department design engineering functions. The House had reduced line to \$100, reduced FTEs to 595.7, and transferred funding to a new Contract design services line.	Gross	\$29,998,000	\$6,105,700
	Restricted	29,998,000	6,105,700
4. State Trunkline Maintenance	FTEs	692.6	125.0
Reflects transfer of 74.0 FTEs and \$7.7 million from Design and Engineering Services, additional state trunkline lane miles (added through new construction and jurisdictional transfers), and increased road maintenance material costs. Program funded at \$253.7 million—an increase of 8.4%.	Gross	\$234,028,600	\$19,697,500
	Restricted	234,028,600	19,697,500
5. State Trunkline Road and Bridge Construction	Gross	\$1,024,960,200	(\$17,386,400)
Authorizes \$1.008 billion for state trunkline road and bridge construction/reconstruction programs; anticipates increased federal aid; reflects a decrease in STF revenue due to loss of one-time trailer fee revenue; reflects Governor’s veto of project designations made in boilerplate sections 617, 621, 622, 623, 633, and 634.	Federal	702,895,100	44,048,000
	Local	5,000,000	0
	Restricted	317,065,100	(61,434,400)
6. Local/Critical Bridge Program	Gross	\$5,750,000	\$12,789,500
Includes \$18.5 million for Local Bridge Program—\$12.8 million more than previous Critical Bridge Program—reflecting the earmark of 1/4 cent of gasoline tax made in HB 5319. Executive had recommended increased funding for Local/Critical Bridge Program by \$25.6 million—from a redirection of 1/2 cent of the state’s 19-cent per gallon gasoline excise tax.	Restricted	5,750,000	12,789,500
7. MTF Distribution to Local Road Agencies	Gross	\$992,971,200	(\$5,390,600)
Appropriates \$987.6 million—\$634.2 million to county road commissions and \$353.3 million to cities and villages. Actual MTF distributions will be based on actual MTF revenue.	Restricted	992,971,200	(5,390,600)
8. Transportation Economic Development	Gross	\$39,972,400	\$0
Makes no change from FY 2003-04 budget. (House had included an additional \$2.5 million MTF for the Category F program which was not included in enacted budget.)	Restricted	39,972,400	0
9. Aeronautics Programs	Gross	\$6,518,900	\$1,681,900
Adds \$8.2 million to reflect increased estimates of State Aeronautics Fund revenue.	Restricted	6,518,900	1,681,900
10. Public Transportation and Freight Services	FTEs	85.0	(11.0)
Provides \$7.2 million and 74.0 FTEs—which is \$850,000 and 11.0 FTEs less than Executive recommendation and House-passed bill. This unit is identified as “Bureau of Urban and Public Transportation” in the FY 2003-04 budget.	Gross	\$6,650,000	\$564,700
	Restricted	6,650,000	564,700

TRANSPORTATION

<u>Major Budget Changes from FY 2003-04 YTD Appropriations</u>		<u>FY 2003-04 YTD (as of 2/12/04)</u>	<u>Enacted Change from YTD</u>
11. Bus Transit – Local Bus Operating Assistance	Gross	\$161,680,000	\$0
Maintains state operating assistance for the state’s public transit agencies at FY 2003-04 level of \$161.7 million (CTF).	Restricted	161,680,000	0
12. Bus Transit – Non-Urban Operating/Capital	Gross	\$10,900,000	\$3,700,000
Provides federal funds (from Federal Transit Act, Section 5311) to transit systems in non-urbanized areas (populations less than 50,000). Budget anticipates federal revenue increase.	Federal	10,700,000	3,700,000
	Local	200,000	0
13. Rail Passenger Service	Gross	\$11,300,000	(\$3,100,000)
Appropriates sufficient funds to maintain AMTRAK service to Michigan in FY 2004-05 from \$7.2 million restricted (CTF).	Federal	3,000,000	(2,000,000)
	Restricted	8,300,000	(1,100,000)
14. Specialized Services	Gross	\$3,939,500	\$4,260,600
Supports transit services to the elderly and persons with disabilities. Recognizes \$4.6 million from proposed new federal program, but reduces restricted (CTF) support to statutory minimum.	Federal	0	4,600,000
	Restricted	3,939,500	(339,400)
15. Bus Capital	Gross	\$53,049,500	(\$14,549,500)
Appropriates \$38.5 million; reduces CTF support to statutory minimum of \$8.0 million.	Federal	38,000,000	(8,000,000)
	Local	500,000	0
	Restricted	14,549,500	(6,549,500)
16. Transportation to Work	Gross	\$6,000,000	\$2,600,000
Provides \$8.6 million; anticipates \$4.3 million additional federal funding; reduces CTF support to \$3.3 million.	Federal	1,000,000	4,300,000
	Restricted	5,000,000	(1,700,000)
17. Economics	Gross	N/A	\$33,936,600
Reflects \$33.9 million in anticipated cost increases, including \$11.5 million in salary and wage increases, \$19.7 million for retirement contributions, and \$3.3 million for other employee insurances. Increases partially offset by reductions in workers’ compensation (\$135,000) and building occupancy charges (\$501,300).	Restricted	N/A	33,936,600
18. Employee Savings	Gross	N/A	(\$8,684,000)
Anticipates budgetary savings of \$8.7 million.	Restricted	N/A	(8,684,000)

Major Boilerplate Changes from FY 2003-04

Sec. 260. Out-of-State Travel – NEW

Limits out-of-state travel.

Sec. 307. Rolling 5-Year Plan – MODIFIED

Includes provision for legislative approval of plan before it is implemented. The Governor has indicated that the requirement of legislative approval is unconstitutional and thus unenforceable.

Sec. 357. 120-Day Target for Local Project Review – MODIFIED

Directs Department to review local agency projects within 120 days; deletes “where possible,” but adds “When presented with complete local federal aid project submittal.”

Sec. 361. Bureau of Multi-Modal Transportation Services – MODIFIED

Requires Department to report any change in bureau services or functions as approved by the state transportation commission.

Major Boilerplate Changes from FY 2003-04

Sec. 363. Log Truck Safety Study

Retains current-year language.

Sec. 365. US-131 Project Study – NEW

Indicates that no funds may be expended on Practical Alternative 5, or Practical Alternative 5 modified as identified in the US-131 Improvement Study in St. Joseph County. Indicates legislative intent that Department construct a full limited access freeway along the US-131 planning corridor. The Governor indicated that this provision violated federal law and was therefore unenforceable.

Sec. 370. Transit Agency Charter Service – NEW

Directs Department to develop a compliant process to violations of 49 CFR, Part 604 regarding use of public transit vehicles for charter service.

Sec. 374. MDOT Employee Newsletters – NEW

Prohibits Department from printing employee newsletters except for employees with disabilities.

Sec. 375. MDOT Open Houses and Groundbreaking Ceremonies – NEW

Prohibits Department from reimbursing contractors or consultants for groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded from the budget.

Sec. 376. Deferred Project Report – NEW

Requires report on 17 projects deferred in 2003 and subsequently restored to five-year plan.

Sec. 378. Food and Beverage Prohibition – NEW

Prohibits payment for food and beverage for in-house training conducted by department staff.

Sec. 379. Planning for Transit Agencies – NEW

Prohibits Department from using CTF funds for operational planning for transit agencies.

Sec. 380. Cross-Funding for Bureau of Multi-Modal Transportation Services – NEW

Restricts funding for multi-modal employees to Section 114 and 115 (Aeronautics and UPTRAN). Effectively prohibits use of federal funds in Planning appropriations unit to fund Public Transportation and Freight Services employees.

Sec. 381. TV Program – NEW

Prohibits Department from using funds to produce TV program (e.g., MDOT Today) other than for safety or construction advisories.

Sec. 383. Use of State Airfleet – NEW

Requires report on use of state airplanes; excludes Governor, Attorney General, and Secretary of State.

Sec. 401. Federal Aid – Distribution Report – MODIFIED

Modifies to provide a 60-day window for legislative approval/disapproval.

Sec. 506. Stumpage Charges to County Road Commissions – DELETED

Prohibits payment of fees to DNR.

Sec. 603. Congestion as Criteria for 5-Year Plan – MODIFIED

Updates date reference; includes specific criteria.

Sec. 608. Truck Inspection Stations – MODIFIED

Retains current-year language and \$40,000 earmark; updates date reference.

Sec. 610. Dead Deer Removal – RETAINED

Expresses legislative intent with regard to removal of dead deer and other large animal remains.

Sec. 611. Pavement Marking – MODIFIED

Retains language requiring use of high-quality pavement marking; updates date reference.

Sec. 617. M-48 at I-75 Interchange Project – VETOED

Provides project earmark.

TRANSPORTATION

Major Boilerplate Changes from FY 2003-04

Sec. 621. Traffic Light at Bay Harbor (Emmet County) Project – VETOED

Provides project earmark.

Sec. 622. Caledonia Township (M-37) Improvements – VETOED

Provides project earmark.

Sec. 623. Tienken Road Barricade Removal – VETOED

Provides project earmark.

Sec. 624. Hume Township (M-25) Bridge of Schram Drain – VETOED

Provides project earmark.

Sec. 625. I-75 at M-30 Interchange Feasibility Study – VETOED

Provides project earmark.

Sec. 626. Replacement of Lincoln Avenue Bridge in Cheboygan Bridge – VETOED

Provides project earmark.

Sec. 628. Transfer of Mackinac Bridge Authority Treasury Functions – NEW

Prohibits use of funds to transfer treasury functions from the Mackinac Bridge Authority to State Treasurer. The Governor has indicated that this section is in conflict with PA 21 of 1950(Ex Sess) and is thus unenforceable.

Sec. 629. Street Closing in Port Huron – NEW

Directs Department to close M-25 in Port Huron for Happy Apple Days. The Governor has indicated that this section is in conflict with 1969 PA 200 and is thus unenforceable.

Sec. 633. Traffic Signal on Spicerville Hwy in Eaton County – VETOED

Provides project earmark.

Sec. 634. Traffic Signals in Plymouth and Brownstone Township in Wayne County – VETOED

Provides project earmark.

Sec. 701. Intercity Bus Equipment Fund – MODIFIED

Includes transfer of \$200,000 from the September 30, 2005 fund balance to the CTF.

Sec. 707. Local Bus Operating – MODIFIED

Adds language to prohibit grants to Detroit Transportation Corporation (i.e., People Mover). The Governor has indicated that this section is in conflict with Section 10c of 1951 PA 51 and is thus unenforceable.

Sec. 710. Intercity Bus/Transit Coordination/Bidding – DELETED

Requires Department to avoid establishing transit routes which compete with intercity bus carriers.

Sec. 711. Rail Passenger (AMTRAK) – MODIFIED

Provides for state subsidy for rail passenger service; limited to \$7.1 million. Does not include earmark for marketing.

Sec. 714. Statewide Demand/Response Service – MODIFIED

Includes new reporting requirement.

Sec. 715. Unreserved CTF Fund Balance – MODIFIED

Makes technical changes.

Sec. 727. Local Bus Operating – RTCC Funding – DELETED

Limits funding for the RTCC to FY 2002-03 funding level.

Sec. 728. Lake State Rail Company – VETOED

Earmarks \$250,000 from the Freight preservation and development line for rail project.

Sec. 729. Intercity Bus Marketing – NEW

Earmarks \$100,000 from the intercity bus service development line item for marketing.

Major Boilerplate Changes from FY 2003-04

Sec. 730. Intercity Bus Equipment Sales – NEW

Directs Department to sell state-owned intercity bus equipment within six months of lease termination and to credit proceeds to intercity bus equipment loan fund.

Sec. 731. Intercity Bus Space Rental – NEW

Directs Department to charge transit agencies and intercity bus carriers the same rent when leasing similar space in state-owned intermodal facilities.

Sec. 732. Handicap Bus Lifts Maintenance Reporting Requirement – NEW

Provides reporting requirement for maintenance of wheelchair lifts by transit agencies; provides sanctions for failure to repair by milestone dates.

Sec. 734. Transit Agency Service Performance Measures – NEW

Directs Department to work to ensure that transit agencies meet certain service performance measures.

FY 2004-05
CONSENSUS REVENUES

Consensus Revenues FY 2004-05

Senior Economist: Rebecca Ross

This section explains May 2004 Consensus Revenue Estimating Conference estimates for GF/GP and School Aid Fund (SAF) revenue for FYs 2003-04 and 2004-05 by major revenue sources. Several important assumptions behind the revenue estimates are discussed in the following text. Figures presented include the following Public Acts:

2004 PA 164: increases the cigarette tax by 75 cents per pack and increases the tax on other tobacco products to 32%, earmarks most of the new revenue to the Medicaid Trust Fund, and removes an earmarking to the BSF. This public act is estimated to increase revenue by \$97.0 million (+\$132.3 million Medicaid, -\$34.5 million GF/GP, +\$0.8 million SAF, and minor changes in other funds) in FY 2003-04, and \$313.6 million (+\$480.4 million Medicaid, -\$9.0 million GF/GP, +\$3.7 million SAF, and minor changes in other funds) in FY 2004-05.

2004 PAs 172-175: authorize the state's participation in the Streamlined Sales and Use Tax Project. These public acts are estimated to have a minimal fiscal impact in both FY 2003-04 and FY 2004-05.

2004 PA 306: increases the wagering tax on the three Detroit casinos from 18% to 24%. This public act is estimated to increase GF/GP revenue by \$3.6 million in FY 2003-04 and \$43.0 million in FY 2004-05.

General Fund/General Purpose Revenue by Source

■ **Personal Income Tax**

Wage and salary employment is expected to decrease 0.6% in 2004, then grow 1.5% in 2005. Michigan's unemployment rate is expected to be 6.8% in 2004, then decline to 6.5% in 2005. As a result, Michigan personal income tax revenues are forecast to increase 2.9% in FY 2003-04 and 5.4% in FY 2004-05. Baseline GF/GP income tax revenues are expected to increase 2.6% to \$4,058.9 million in FY 2003-04, and increase by 5.6% to \$4,285.7 million in FY 2004-05.

■ **Sales and Use Taxes**

Improved growth in wage and salary income will increase baseline GF/GP sales and use tax revenue from \$946.8 million in FY 2003-04 to \$995.2 million in FY 2004-05.

■ **Single Business and Insurance Taxes**

Business taxes (SBT plus insurance taxes) accrue to the General Fund. Net baseline business taxes were \$2,114.0 million in FY 2002-03 and will increase 0.4% to \$2,122.8 million in FY 2003-04 and 5.0% to \$2,228.0 million in FY 2004-05. Baseline Single Business Tax revenues alone were \$1,882.9 million in FY 2002-03; they are expected to decrease 0.4% to \$1,875.8 million in FY 2003-04 and increase 4.9% to 1,967.0 million in FY 2004-05.

■ **GF/GP Baseline Tax Revenues**

Final GF/GP baseline tax revenues totaled \$7,652.1 million in FY 2002-03. General Fund/General Purpose baseline tax revenues are expected to increase in FY 2003-04 by 2.3% to \$7,830.2 million and in FY 2004-05 by 5.0% to \$8,218.4 million.

■ **Total GF/GP Baseline Revenues**

Total baseline GF/GP revenues include baseline tax revenues and non-tax revenues. Non-tax revenue includes revenue from the liquor purchase revolving fund, federal aid, licenses and permits, and investment income and borrowing costs. Total GF/GP baseline revenues were \$7,944.8 million in FY 2002-03. General Fund/General Purpose baseline revenues are expected to increase by 1.7% to \$8,076.0 million in FY 2003-04 and by 4.2% to \$8,417.2 million in FY 2004-05.

CONSENSUS REVENUES

■ **Actual GF/GP Revenues**

Actual GF/GP revenues represent revenues available for expenditure each year and include adjustments to the baseline, such as tax changes and one-time federal revenue. Final total actual GF/GP revenues were \$7,958.9 million in FY 2002-03. Actual GF/GP revenues are expected to decline by 1.6% to \$7,835.5 million in FY 2003-04, then increase by \$54.8 million or 0.7% to \$7,890.3 million in FY 2004-05.

GF/GP REVENUE ESTIMATES
(Millions of Dollars and Fiscal Years)

	<u>Final 2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2004-05 over 2003-04</u> <u>% Change</u>	<u>\$ Change</u>
Personal Income Taxes	\$3,955.8	\$4,058.9	\$4,285.7	5.6%	\$226.8
Sales and Use Taxes	883.3	946.8	995.2	5.1%	48.4
SBT and Insurance Taxes	2,114.0	2,122.8	2,228.0	5.0%	105.2
Other Taxes	<u>699.0</u>	<u>701.7</u>	<u>709.5</u>	1.1%	<u>7.8</u>
GF/GP Baseline Tax Revenues	\$7,652.1	\$7,830.2	\$8,218.4	5.0%	\$388.2
Non-Tax Revenue	<u>292.7</u>	<u>245.8</u>	<u>198.8</u>	-19.1%	<u>(47.0)</u>
Total GF/GP Baseline Revenues	\$7,944.8	\$8,076.0	\$8,417.2	4.2%	\$341.2
Adjustments to Baseline					
Adjustments to Baseline	<u>14.1</u>	<u>(240.5)</u>	<u>(526.9)</u>		<u>(\$286.4)</u>
Actual GF/GP Revenues	\$7,958.9	\$7,835.5	\$7,890.3	0.7%	\$54.8

School Aid Fund Revenue by Source

■ **Sales and Use Taxes**

Combined sales and use tax revenue dedicated to the SAF equaled \$5,091.6 million in FY 2002-03 and is forecast to increase 1.4% to \$5,163.5 million in FY 2003-04 and 4.6% to \$5,398.6 million in FY 2004-05. Baseline sales tax revenue is forecast to increase 1.2% in FY 2003-04 and 4.6% in FY 2004-05; baseline use tax revenue to the SAF is estimated to increase 4.2% in FY 2003-04 and 3.7% in FY 2004-05.

■ **Income Tax**

Approximately 23.0% of gross income tax collections are dedicated to the SAF. Baseline dedicated income tax revenue is forecast to increase 3.5% to \$1,911.0 million in FY 2003-04 and 4.9% to \$2,004.6 million in FY 2004-05.

■ **Lottery/Casinos**

Lottery revenues contributed \$586.0 million to the SAF in FY 2002-03. Baseline lottery revenues to the SAF are projected to increase 0.2% to \$587.0 million in FY 2003-04 and decline slightly in FY 2004-05. Casino revenue contributed \$90.9 million to the SAF in FY 2002-03, and is estimated to be \$98.5 million in FY 2003-04 and \$99.3 million in FY 2004-05.

■ **Tobacco Taxes**

In FY 2002-03, approximately 55% of gross tobacco tax revenue was dedicated to the School Aid Fund. The School Aid Fund received \$489.1 million from tobacco taxes in FY 2002-03. The demand for tobacco products is expected to decline over the duration of the forecast. Total SAF tobacco tax revenues are expected to decrease to \$479.7 million in FY 2003-04 and \$472.8 million in FY 2004-05.

■ **State Education Tax/Real Estate Transfer Tax**

All of the 6-mill state education tax (SET) and the real estate transfer tax (RET) is dedicated to the SAF. Revenues from the SET were \$1,673.2 million in FY 2002-03. SET revenues are expected to increase 2.3% to \$1,710.8 million in FY 2003-04 and 6.4% to \$1,820.5 million in FY 2004-05. The real estate transfer tax contributed \$275.5 million to the SAF in FY 2002-03 and is forecast to contribute \$297.7 million in FY 2003-04 and \$293.0 million in FY 2004-05.

■ **Total SAF Baseline Revenues**

Final total SAF baseline revenues were \$10,255.7 million in FY 2002-03. Baseline revenues are expected to increase 1.9% to \$10,446.3 million in FY 2003-04 and 4.1% to \$10,874.2 million in FY 2004-05.

■ **Actual SAF Revenues**

Actual SAF revenues represent revenues available for expenditure each year; they include tax changes, beginning balances, federal funds, and BSF transfers, but do not include any GF/GP transfers to SAF. Actual SAF revenues were \$12,203.7 million in FY 2002-03 and are expected to decrease 1.9% to \$11,966.5 million in FY 2003-04, then increase 2.9% to \$12,317.6 million in FY 2004-05.

SCHOOL AID FUND REVENUE ESTIMATES
(Millions of Dollars and Fiscal Years)

<u>Revenues</u>	<u>Final 2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2004-05 over 2003-04</u>	
				<u>% Change</u>	<u>\$ Change</u>
Sales and Use Tax	\$5,091.6	\$5,163.5	\$5,398.6	4.6%	235.1
Income Tax Earmark	1,847.0	1,911.0	2,004.6	4.9%	93.6
Lottery and Casinos	676.9	685.5	681.3	-0.6%	(4.2)
Tobacco Taxes	489.1	479.7	472.8	-1.4%	(6.9)
State Education Tax	1,673.2	1,710.8	1,820.5	6.4%	109.7
Real Estate Transfer Tax	275.5	297.7	293.0	-1.6%	(4.7)
Liquor Excise and Specific Taxes	<u>202.4</u>	<u>198.1</u>	<u>203.4</u>	2.7%	<u>5.3</u>
Baseline SAF Revenues	\$10,255.7	\$10,446.3	\$10,874.2	4.1%	\$427.9
Adjustments to Baseline	<u>1,948.0</u>	<u>1,520.2</u>	<u>1,443.4</u>		<u>(\$76.8)</u>
Actual SAF Revenues (less GF/GP Transfer)	\$12,203.7	\$11,966.5	\$12,317.6	2.9%	\$351.1

HFA Estimates of Year-End Balances

The following table reports House Fiscal Agency estimates of year-end balances for GF/GP, the SAF, and the BSF. Please see notes following the table for additional detail.

**YEAR-END BALANCE ESTIMATES
(Millions of Dollars)**

	<u>FY 2002-03</u>	<u>FY 2003-04</u>
General Fund/General Purpose	\$174.0	\$0.0
School Aid Fund	113.7	0.0
Budget Stabilization Fund	0.0	0.0

Year-end estimates notes:

- Fiscal year 2003-04 estimates for GF/GP and the SAF are based on year-to-date appropriations, projected year-end adjustments, and consensus revenue estimates.
- School Aid Fund revenues are restricted; hence, any year-end balance is carried forward to the subsequent year.
- Budget Stabilization Fund (BSF) estimates are based on current balance estimates provided by the Michigan Department of Treasury and HFA estimates of future deposits and interest earned.

Budget Stabilization Fund Year-End Balances

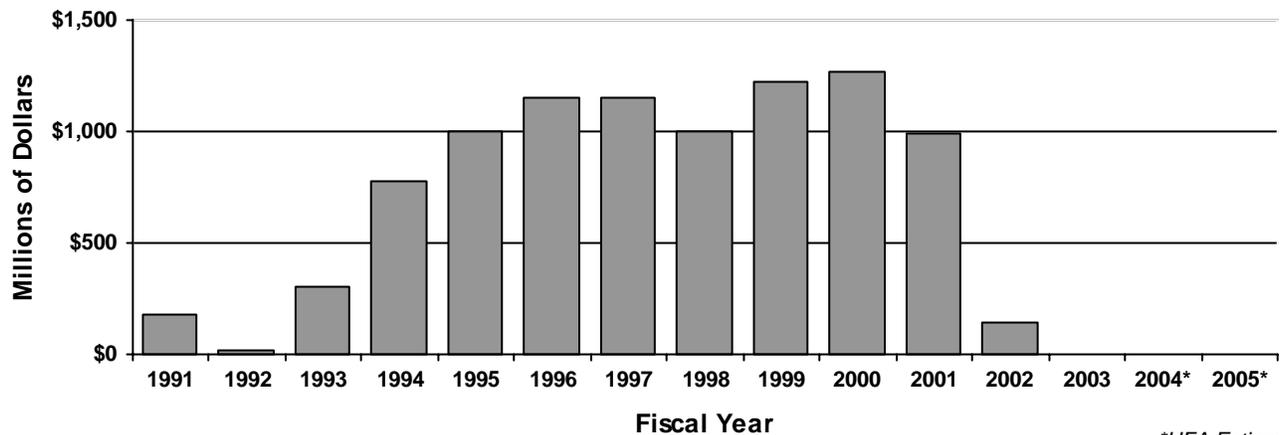
The following table reports a history of BSF deposits, withdrawals, and interest earnings from FY 1990-91 to FY 2002-03 and HFA estimates of deposits, expected interest earnings, and year-end balances for FY 2003-04 and FY 2004-05. A complete list of BSF historical data is available from the HFA upon request.

The final BSF fund balance for FY 2001-02 was \$145.2 million and for FY 2002-03 was zero. The fund balance is forecast to remain at zero for FY 2003-04 and FY 2004-05.

**BUDGET STABILIZATION FUND
(Millions of Dollars)**

<u>Fiscal Year</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Interest Earned</u>	<u>Balance</u>
1990-91	0.0	230.0	27.1	182.2
1991-92	0.0	170.1	8.1	20.1
1992-93	282.6	0.0	0.8	303.4
1993-94	460.2	0.0	11.9	775.5
1994-95	260.1	90.4	57.7	1,003.0
1995-96	91.3	0.0	59.3	1,153.6
1996-97	0.0	69.0	67.8	1,152.4
1997-98	0.0	212.0	60.1	1,000.5
1998-99	244.4	73.7	51.2	1,222.5
1999-2000	100.0	132.0	73.9	1,264.4
2000-01	0.0	337.0	66.7	994.2
2001-02	0.0	869.8	20.8	145.2
2002-03	0.0	148.8	3.6	0.0
2003-04 <i>Estimate</i>	0.0	0.0	0.0	0.0
2004-05 <i>Estimate</i>	0.0	0.0	0.0	0.0

Budget Stabilization Fund (BSF)



*HFA Estimates

Compliance With the State Revenue Limit

HFA estimates of the state revenue limit provided for in Article IX, Section 26, *Constitution of the State of Michigan*, and estimates of total state revenue collections subject to the state revenue limit are shown in the following table. As provided for in the *Constitution*, the revenue limit is calculated as 9.49% of total state personal income in the previous full calendar year prior to the fiscal year in which the revenues are measured, as estimated by the Bureau of Economic Analysis, United States Department of Commerce.

COMPLIANCE WITH THE STATE REVENUE LIMIT
(Millions of Dollars)

<u>Revenue Limit Calculations</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>
Personal Income			
Calendar Year	CY 2001	CY 2002	CY 2003
Amount	\$297,609	\$303,745	\$306,820
X Limit Ratio	9.49%	9.49%	9.49%
State Revenue Limit	\$28,243.1	\$28,825.4	\$29,117.2
Total Revenues Subject to Revenue Limit	24,061.6	23,962.1	24,383.4
Amount Under (Over) State Revenue Limit	\$4,181.5	\$4,863.3	\$4,733.9

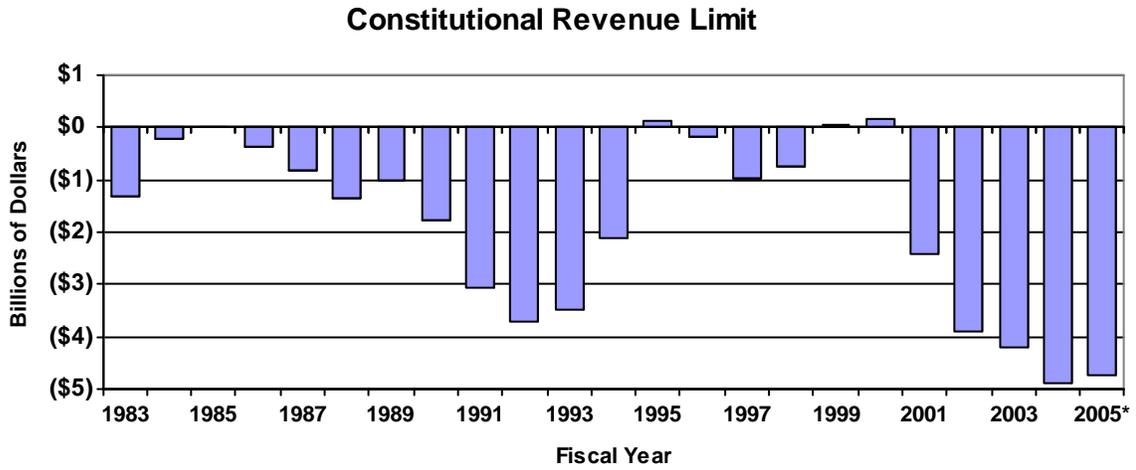
Implications of Exceeding the State Revenue Limit

Article IX, Section 26, *Constitution of the State of Michigan*, provides that:

... For any fiscal year in the event that Total State Revenues exceed the limit established in this section by 1% or more, the excess revenues shall be refunded pro rata based on the liability reported on the Michigan income tax and single business tax (or its successor tax or taxes) annual returns filed following the close of such fiscal year. If the excess is less than 1%, this excess may be transferred to the State Budget Stabilization Fund . . .

Furthermore, the state is prohibited from spending any current-year revenue in excess of the limit established in Section 26 by Article IX, Section 28.

The final FY 2002-03 revenue limit calculation indicates that the state revenue collections were well under the revenue limit. In addition, for both FY 2003-04 and FY 2004-05, state revenues are estimated to be substantially below the revenue limit, by \$4.9 billion and \$4.7 billion respectively.



**Consensus Estimates*

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